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Good morning, and welcome to Wirecard Innovation and Capital Markets Day. We're really glad you could all be here. My name is Kevin Brown, and I am Vice President of Strategic Partnerships and Marketing for Wirecard here in North America. And I will be your friendly moderator throughout the day, so you'll be seeing a lot of me. But it's great to be here. It's great to be in New York. For us at Wirecard, we've hosted these events in London and in Munich, previously, and given our global expansion and the increasing of our footprint, we're here in New York today. And while many of you are based here, we're really proud to be able to expand this event here and bring this here to New York.

So the theme for today is Commerce on the Move. And when we thought about this event and why Commerce on the Move, there were a couple of thoughts that really kind of struck us. One really big enabler of Commerce on the Move is mobile payments. This year, right, if -- we've all thought that every year would be the year of mobile payments. This year, 60 million Americans will make a mobile payment. Also in this year, over 1/3 of Americans, or overall 1/3 Americans, all of our smartphone purchases will be made from mobile phones. That stat, so over 50% by 2021 of all e-commerce purchases from smartphones, that's pretty significant and I think a key point in -- when we think about Commerce on the Move and moving at the speed of life.

So for us, Commerce on the Move manifests itself today in what we think is going to be hopefully an engaging and exciting agenda. We have a mix of keynotes, panels, fireside chats, ultimately to talk about Wirecard and our financial performance, our outlook on the market, how we collaborate with ecosystem partners and then also how we work with clients to deliver solutions for their end customers. And so for us today, we really think we're excited to showcase this to you.

And speaking of showcases, as I know that some of you have already engaged with them in the back, so I don't need to keep the secret any longer. But we're really excited to bring some of our newest product innovations that we're rolling out globally at Wirecard for you to meet some of our Wirecard team members, interact, engage with, touch, feel and experience Commerce on the Move for yourself. So when we think about today's showcases, if there's one point that I would really ask you to keep in your mind, it's how -- while the different channels will might be delivering the products or services, while the innovations might manifest themselves in different consumer experiences, the products were all designed and



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thought through with the customer at the center of all that we do and how we bring and add value on behalf of our clients to that customer. And that might be adding value in saving time, bringing monetary value or just delivering a better way of doing something than consumers are used to. So for us, these are the different showcases you'll get to see, interact with.

So without further ado, I'd like to get into the agenda and welcome Wirecard management Board member and Chief Product Officer, Susanne Steidl, to the stage. Susanne?

Susanne Steidl - Wirecard AG - Chief Product Officer & Member of Management Board

Thanks, Kevin, for the introduction. Also from my side, a very warm welcome to the audience and to everybody here in the webcast. My title, Promising Commerce Trends. So you will want to ask yourself, why is Susanne talking about commerce trends if this is about financial commerce? But obviously, payments and financial commerce is not there as a silo. We need to look closely at any of the trends which we'll see on our merchant side and on the consumer side. And there, what we have done is we have looked at 3 of the major trends in that -- which we see most dominating: one of them, unified commerce; one of them, hyper individualized; and last one, major topic of today, Commerce on the Move.

Let's look at the unified commerce a little bit closer. So in the past, many people have talked about omnichannel. And now all of a sudden, it's unified commerce. So what is that new buzzword all about and what is the difference? If we talk about omnichannel, then it was born between the difference of a POS and an e-commerce, and then people said, "Ah, we need to bring that all on the same platform. We need to see the payments on the same platform. We need to have 1 reconciliation, 1 settlement across." But is this enough? No, it's not. It's much, much, much more. Because you need to be integrated. Integrated when you, as a consumer, order something and pick it up in the shop, these systems need to be integrated. If you want to see your basket whilst in the shop and then check out altogether, systems need to be integrated. If you want to deliver something to your home, then logistics need to be integrated. So integration is one key element of unified commerce.

Another one is collaboration or cooperation. If you see supermarkets delivering to your home, they have the last mile services. Restaurants do the same. So why do they need to all do that on their own? Why can't they use the same services and collaborate? Because that solves all together the problem of the last mile. Others, on the other hand, supermarkets would not only deliver their own services but be part of marketplaces again. And that all combines, they need to be in mobility providers, which in the past, they were not. But else, they don't show up and then they will not be addressing the customers anymore. And last but not least, another example for this collaborations is if you drive to a petrol station, so many times you'll see that they integrate many supermarkets. So collaborations which in the past have never been thought of, and now, people are combining different industries all into one. Also that needs integrations in systems, integration of platforms and connectivity between systems, which is unified commerce.

Another last element of unified commerce is that people don't only use their infrastructure as one purpose but as multipurpose. Think again, supermarkets. It's not only supermarkets, they operate as distribution centers. So that is all these combinations, all of that offered to a customer as a single user journey. This is when we talk about unified commerce.

And I would like to show you one example. And that already combines so many of these things. What you will see is starting from scanning the shelf labels to an automatic checkout, then a different thing, which was also not there before that you could decide as a consumer whether you have the food you have picked be prepared in that supermarket and either eat it there, or then the prepared food, have it delivered to your home and eat it with guests. And then last one also have that supermarket act as a distribution center. So this is where I mostly look at when we look for trends. Asian supermarket looks like a very normal one, but now you can see people are getting additional information, scanning the shelf labels, where we will actually have a nicer example afterwards, not just a bar code, but with more information. And here, we see food is specifically prepared, eaten already there where it's bought or it is prepared and being sent home where you might expect some guests and have dinner with them, which is especially common in Asia. And another one is using the supermarket as a distribution center. All of that is connected. All of that is integrated into one system, and that is what creates that user journey. And so if you look at -- is that something which is there for everybody and possible for every merchant? Possibly not. But elements of those? Yes, these are possible, and they can be used by each of the merchants, each of the retailers, each of the service providers to pluck their service together so that, that is an end-to-end journey for the customers.



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And where does Wirecard come in? You have seen so many places. There's payment here, there's payment there, and there's tons of data points collected and provided, which then can be used to select the next offer. And that takes me to the next trend. Because if you have your beautiful products, beautiful services, but you don't talk to your customer about it, then the customer will be going to somebody else. Customers are expecting personalized communication, personalized services, personalized products. And only with these, this is -- they want the individual attention and individualized approach.

So what I have selected here is another example, which is maybe a little bit above the top, but it is meant as food for mind. People are different. They are different in gender, in age, in places where they live. They're different in tastes. They're different in what music they like, and different -- what kind of fashion they like. And how do you address them? So of course, you could think in e-commerce, it's easy. But this shop, it's the largest mall in Australia, Chadstone. They have taken a different approach, and they have started with the most difficult one, which is at the POS. So they have created a very individualized structure, which can change. This one, I would say is not really yet unified commerce because why should you enter all of the data on your own, so this is still yet to be done. But once that data is there, an algorithm calculates and then within minutes, the shop transforms. And it is just adjusted to what your preferences are. And that is the fashion you see, the hangers, the music, everything is just according to your preferences. And what more that they did is, and that I think they did really well, they fully integrated it with social media. So all of these many millions of variations, users could post about their experience, had a special sign-up channel. So many of the data points were already created at that point of time and streamed within the center, and it went fully, fully viral. Again, is that something which is something viable for everybody? No, obviously not, but it is something which shows -- if you see 100,000 people watching, queuing, people want that individual approach for their future and for -- to be addressed in a personal way.

And now the only thing what one could not do with this one is, on the one hand, e-commerce, and it also needs one additional step and that is Commerce on the Move. And Commerce on the Move, you will see everything changing and everything moving so fast. But now you would probably expect me to show something which is a drone or something based on voice commerce. I've decided to show you something different. It is something which travels to old people's homes, it travels to rural areas or it travels wherever you are in the city where you cannot have a home deliver, but you fancy something to eat right now. It's an self-driving vending machine, huge vending machine like in market. You identify, you enter either with facial recognition, or more nicely, what you can also see in one of the showcases afterwards with a phone. And then you would select your products which you like, either you scan them or there's cameras. And then as always, there's the point where we come into play and that is the payments, which then ends at the end of any of the commerce so that commerce can take place at all.

And this to me is already -- when I look at those 3 trends on the unified commerce, which is establishing the basis, the foundation, then the individualization, which addresses individual people, it's how are we going to do it, and then the Commerce on the Move is where it's going to take place. So all of these dimensions is what we see changing so fast, what we see the most important trends in this ever-changing landscape.

To me that last one is now a perfect segue into the panel. And that panel will discuss the Commerce on the Move topics in much, much more detail. I would like to welcome Liz to host the panel on the Commerce on the Move. Thank you.

Liz Bacelar; Founder; Current Global

Hi. Thank you. Good morning, everyone. My name is Liz Bacelar. I run a company called Current Global, an innovation consultancy, and I'm also the co-host of the Innovation (sic) [Innovators] podcast. I'm here to talk to you this morning about smart cities, and how everything is changing so fast and expectations from the consumer side. We're living in a time where cars and transportation are becoming an extension of our homes, and this is paradigm that's shifting. That's transforming how we consume entertainment, how we shop, how we work. Cities is where most of half of the population live, and they face pressures, they face infrastructure needs, city residents have growing demands for a better life and concerns about sustainability. Smart technologies will meet these challenges, and today, what we see is just a glimpse of what's possible when the increased public investment really kicks in.

Today, I'm joined by experts in mobility, payments and innovation, and we're going to be talking about Commerce on the Move, examine how we consume differently in this future age of smart cities. So if you can, please, help me welcome our panelists. Thank you, come in. We have Bill Dobbins; Markus with Wirecard; Thierry with SES-imagotag; and Cristian Santibanez with HyperloopTT. So let's follow the order.

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So sure. So I'd love to kick off the presentation -- the conversation with you all introducing yourself. That's okay. Just don't mind my AV guy, we keep going. We're kicking off the conversation with this whole notion of smart cities in the context of what you do. If you can explain in a little bit about your work and in the topic, how it relates to the topic. Want to start?

Bill Dobbins;Head of Business Development;Visa

Good morning. I'm Bill Dobbins. I'm Head of Business Development for Visa in North America. And in my business line, we work with the transit agencies in particular to help introduce a more seamless payment experience for our cardholders when they enter the systems.

Liz Bacelar;Founder;Current Global

Markus?

Markus Eichinger - Wirecard AG - EVP of Group Strategy

Yes. I'm Markus, I'm EVP for Group Strategy at Wirecard. And for us, as Susanne already said, smart cities' new mobility is definitely a megatrend. And I think when it comes to developing a strategy for high paced growing company, it's always a good choice to really look closely at megatrends. And that's what we did like 20 years ago with the megatrend of e-commerce and the Internet and by looking at what is possible in smart cities and the changing commerce patterns these days, I think it's just amazing to be in that industry.

Liz Bacelar;Founder;Current Global

It's not just a megatrend, it's the megatrend of 2020, everyone is saying. And Thierry?

Thierry Gadou - SES-imagotag Société Anonyme - Chairman, CEO & MD

Good morning. I'm Thierry Gadou. I'm the CEO of SES-imagotag, a retail technology company specializing in digital solutions for physical retail. So physical retail is a very important part of retail. It's 90% of retail. I think definitely, physical stores are the beating heart of cities. And the digital transformation of retail is going to be reshaping that, so very -- a very central question when we talk about smart cities, where we'll be retained in smart cities.

Cristian Santibanez;Co-Founder;Autonomy

Hello, everyone. My name is Cristian Santibanez. I'm the Co-Founder of Autonomy, Europe's leading urban mobility event, as well as a consultant and currently working -- in charge of marketing global operations at Hyperloop Transportation Technologies. I'm very happy actually to get a chance to talk today about how we'll consume and move in smart cities because when you think about it, ultimately, what defines a human experience on earth is really a relationship to time and space, and mobility is the space part of the equation. So I'm really glad we get to discuss that.

QUESTIONS AND ANSWERS

Liz Bacelar;Founder;Current Global

When you deal with these trends, they are megatrends and they have a lot of hype around them and a lot of opinions, sometimes opinion coming from places that are not really first-hand sources, the future gets really confused with near future and with the now. I'd love for you guys to give



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us some insight on what is futuristic, or just simply tell us, what it is that we should be paying attention right now in this topic of smart cities and change, that if I were to invest and I'm focused on what's going to hit first, what is that matters first that should be top of mind and maybe it's being missed in the conversation? Who goes first? Frictionless payments.

Bill Dobbins;Head of Business Development;Visa

And I'll go first. I mean we talk about megatrends, and when we were talking before, I mean, you've got the shifting population from rural to urban. You've got an increasingly -- an increasing amount of pressure on the consumer where they're spending more time in their daily transit. They're confused by the process, there's overcrowding coupled with an infrastructure problem, again, speaking just for transit. They see the benefit of positive economic output, but they also have a role in state of life for their consumers. And that's what -- I think that payment is going to be a continuing, major piece in that, as the cities move, [re-] payment will be the bridge that allows them to do that.

Markus Eichinger - Wirecard AG - EVP of Group Strategy

Yes. I think that's a good point because what I think is interesting, if you look back a couple of years, use cases that we now see in smart cities were virtually impossible to realize just a couple of years ago. So there's definitely digitalization, making that possible, the area of interconnectedness, how I call it. And if you take a typical day, right, so you get up. You buy a coffee, you commute, you go by car, you pay tolls, you pay a parking meter. You have lunch, you have dinner, you go to the gym, you take an e-scooter. So what's the most common denominator of all these activities? That's payment. Let it be physical tapping, let it be in the background e-commerce, but it's payment. So I think that's really the challenge of the payment industry to leverage that capability that is already there today.

Liz Bacelar;Founder;Current Global

And then voice, it seems will play a huge role.

Markus Eichinger - Wirecard AG - EVP of Group Strategy

Yes. I'm sure that's just another channel, if you call it that way. But it comes back to the same point, right? It's about the user, interconnecting with the user.

Liz Bacelar;Founder;Current Global

And for you Thierry, what you think should be top of mind today as we head into this future?

Thierry Gadou - SES-imagotag Société Anonyme - Chairman, CEO & MD

Well, I think we can be a bit more optimistic today than we were maybe 5 years ago, where it was quite commonplace to talk about the likely retail apocalypse. Again, I was mentioning earlier that stores are the beating heart of cities. They are really the social hubs of cities. And we see in suburbs, in some cities where the stores are closing and ultimately sometimes disappearing, cities don't look very good, right? And those are not certainly smart cities even if there is Hyperloop or plenty of super transportation system. So I was saying, we can be a bit more optimistic because the likelihood of retail apocalypse is just, in fact, very little now. We understand that the future of commerce is, of course, going to be shaped by the increasing online channels. But the future of commerce is going to be omnichannel. And everybody realizes now that physical stores, which are so important for cities and for the social link in cities, are going to stay at the core of omnichannel. And even when we look at the most, or let's say, either most pessimistic or most extreme projections like some consultancies, like Bain or BCG, are projecting that even in 10 years, physical commerce and physical stores are going to stay above 75% with the vast majority of commerce.



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But there's going to be a major change in format, a major race to proximity. And it's going to be more and more difficult for retailers to stay in touch with those new lifestyles characterized by speed. And so retail is going to be everywhere. It's going to be in small neighborhoods, it's going to be in travel retail. It's going to be trying to catch up with the speed of life and being -- trying to be everywhere. But I think it's an optimistic statement I want to make. We'll have very nice smart cities in the future, thanks to retail taking a very good direction.

Liz Bacelar;Founder;Current Global

And do you agree, it's not going to become about -- any more about the 400 stores, but the 400 touch points, right?

Thierry Gadou - *SES-imagotag Société Anonyme - Chairman, CEO & MD*

Exactly.

Liz Bacelar;Founder;Current Global

And transportation is a touch point that's really underdeveloped here in the U.S. When you go to Asia, you see this connection of transportation and commerce and transportation and my lifestyle. And here, it's just transportation. So Hyperloop, when we hear about all the conversations of what it could be, what it could mean, one thing that designers of the experience are thinking right now already is how that connects to commerce, to my life, to be an extension of my home.

Thierry Gadou - *SES-imagotag Société Anonyme - Chairman, CEO & MD*

I mean generally speaking, if you look at the global picture right now, we have 200,000 people moving to cities on a daily basis. That means that we need to be able to build something like metropolitan Amsterdam every 2 weeks for the next 30 years. I don't know how to do that.

So your original question is what should we be focusing on. I think anything then can have an impact to over 1 billion people. If you look at the mobility panorama right now, if you look at the mobility landscape right now, there's a lot of new services that are actually surfing into the biggest trend in the mobility space, which is how we use ICT to create new services, how do we use new energy sources to create or to improve existing mobility alternatives and how are we switching from individual to collective users in the way we move. In this space, there's a lot of things like Line, like Bird, like OFU and other free floating and last mile services, which very much point towards higher density levels, which is not -- it's very much like the case in Asia, less so when you move towards the Americas. But there's not a single real alternative to mass transit options right now. This is what Hyperloop Transportation Technologies right now is offering, a mass transit option to the future of smart cities.

Liz Bacelar;Founder;Current Global

How do you see that transition happening? Because it's not something that could happen overnight. It's a major investment of value. It's pretty much there if you see it, right, from what we see now and what do we see that's possible in the future?

Markus Eichinger - *Wirecard AG - EVP of Group Strategy*

I mean when it comes to mobility, our future as a mobility solution will be determined not by us but by public governments. It's quite easy to understand. We're talking about connecting cities and regions, neighborhoods. It's not something that we just come and say, "All right, let's build something between 2 countries." It's not just up for us to decide. And so therefore, where the kind of center of gravity here lies is, for me, quite simple. When it comes to mobility, people vote with their feet, either you use it or not -- or you don't. And it's as simple as that.



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Liz Bacelar;Founder;Current Global

Got it. And on the -- when you think about the payments, and how it connects to all that because the connection is pretty strong, it's a different position. You don't depend on countries to be able to drive on innovation and be ready for that from that point, right? So what it is that do you think are the most important revolution that we're going to see in this area of frictionless payments today that's under our control, the private sector control, to roll that out?

Bill Dobbins;Head of Business Development;Visa

I think that's right. And so -- if you think about it, payment and commerce are foundational for the growth of a city. But -- experts are at up here. We think about payments 24/7. The consumer, they don't think about payments, right? They just want it to work. They're thinking Uber and Lyft and that experience. Where we are focusing our time, and I think we need to, is we have to build the base. Payment networks like Visa, we have to think about things like provisioning payment credentials. We have to think about rules and pricing and charge-backs and fraud. And what that will do is it will allow public and private sector to integrate on top of us. We are -- the payments piece is going to be foundational. What the experience of the consumer will be driven by partnerships, whether it's with the OEMs on the car side or with the parking entities or whomever. That's what's going to create the experience for consumers. And I know Markus will talk about it, but we continue to look at this as a consumer journey. It's not just the transit, it is all those other things. It's the toll, it's the finding the cheapest gas. It's the -- how all those pieces fit in off of that base infrastructure that we've built.

Markus Eichinger - Wirecard AG - EVP of Group Strategy

Yes. I think also what is interesting, if you look at the infrastructure that the payment industry has built, and if you think that infrastructure beyond the pure play payment use case, and that's I think where we are focusing on, to use -- what you will see that there, the payment industry is virtually the only industry that has a realtime processing capability in a physical store, in an online shop. There's virtually no other industry able to deliver that.

And second element, which is also crucial for smart cities is the payment industry has the ability to identify and authenticate people because that's what payment is about. Payment is not about like moving money from place one to place b. It's about identifying the user in a secure and reliable way. And if you extend the user journey beyond payment to authentication alone, this gives you many, many other use cases where you could use payment technology to deliver business value. And I think that's what we particularly focus on as a company.

Liz Bacelar;Founder;Current Global

And when we move into the future knowing that data is the oil, and it's the most valuable underlying factor to evolve this progress, we know also that it's -- in the payment industry, they carry the burden of figuring out how to keep that data protected. They spend a great amount of time creating the proper processes and thinking through to make progress but in a way that it's not detrimental of protection and privacy. So it's so incredible how they are drivers, most well-minded drivers of this notion. When we look in retail, there's a lot of implementation of retail technology that exposes the risk and the payments that keep us safe. So when we think about the retail implementations of the future, how are you thinking about tags? What is it that it's heading and how is it colliding with concerns of privacy? Because to create great experiences, we need more data, we need more information.

Thierry Gadou - SES-imagotag Société Anonyme - Chairman, CEO & MD

Yes, you're absolutely right. Consumer protection, especially personal data, will become an increasing challenge. However, I think the same rules will have to apply in the physical commerce becoming more and more digitalized as in the e-commerce. So they will have the same rules now. The GDPR that we have, the regulation that we have in Europe is putting exactly the same pressure. We need to be very careful. Everything that is a digital interaction in the store has to resolve from an opt-in choice. And it's true online, it's going to be true offline now that offline and online are being sort of connected. And I think that payment is at the very core of that transformation because one of the biggest thing, one of the big friction



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that retailers want to remove from retail is, of course, the checkout. Because checkout time -- checkout is a huge cost, 10% of OpEx in retail, but it's also literally 90% of the frustration of consumers. So there is a big win-win sort of deal here to remove this friction. So it's going to be about scan and go, scan and pay, and so mobile payment associated with -- and we've been announcing an important partnership with Wirecard around this topic.

But it's really about -- there is no doubt that mobile payments and digital interaction in physical store is going to grow very strongly in the coming years because it's really a requirement from consumers. It's a need for retailers. We're so much under pressure cost-wise and profitability-wise, and it's definitely the right solution to bring the solution. So of course, it's going to be raising the topic of consumer protection very much. And we're going to be announcing in a few months, in China, actually. And willingly, in China, a very strong initiative in consumer protection actually.

Liz Bacelar;Founder;Current Global

And Markus, I'm just curious. I think it's funny because when you look at Europe, there are concerns -- with all kinds of concerns with GDPR and data protection. Sometimes, regulation holds progress back, but then they have so much progress in the payment systems. They have contactless and the complete integration of that. And then here in the U.S., we have concerns, but we're not so attached to those concerns and still technology now rolling out. I wonder how you view the markets in the space of payments.

Markus Eichinger - Wirecard AG - EVP of Group Strategy

It's just because regulation is never an excuse not to innovate. That's as simple as that. You can always innovate. There is regulation, it's good that we have regulation. It's good that we have strong consumer protection in Europe, but that is absolutely not a reason not to innovate. And I think you know it's just about -- there's a funny video actually on the Internet that you might view at some point. There is an experiment that Kaspersky Labs did. They opened up a physical store and you couldn't pay with currency, you could only pay with data in a way that they would just flick your phone and display WhatsApp conversation or take your personal pictures for advertising. And that's really eye-opening because what people do everyday on Facebook, on LinkedIn, they were not willing to do in a store, in a physical store. So I think we will have an interesting discussion also, how that goes together in the online world where there are completely different and yet perception of data protection and the physical world. And I think it's always good to come from the standpoint of consumer protection and start there.

Liz Bacelar;Founder;Current Global

In which market? Is there a specific place that when you meet with your clients and you're talking about investment in the future and pushing things to the next level, do you point out the specific country that you think is leading the way? Or a region?

Markus Eichinger - Wirecard AG - EVP of Group Strategy

I mean there are a couple of countries that I consider to be leading. I always tend to say that we don't have diverse technology in Europe. We are quite advanced in payment technology. However, as always, in Europe, we're maybe not the best in marketing that technology. I think when it really comes to true disruptive innovation, look at China. It's a different situation. You can't compare it to the Western market because there, where the major cards schemes never were -- there wasn't -- they never exist. So they're really like past the card, directly go to the mobile. But I think the message behind is what is interesting is that the solutions that we see in China are not concentrating around the payment use case. They're concentrating around the user really making -- yes, allowing you to run your everyday financial life through those mobile super apps, or they're called. So I think that's a very interesting trend. Is it applicable 1:1 to Europe or the U.S.? I don't think so, however.

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Liz Bacelar;Founder;Current Global

Something that could be used whether it's in payments or in retail or transportation, a technology that it's very pervasive in China, is facial recognition. I wonder -- what are your views? Do you think that will be integrated in transportation, in retail, when payments assume regardless of culture, right? Because in China, it's already part of their culture to be okay with that. Here, we're not sure. We're not sure where this is heading.

Bill Dobbins;Head of Business Development;Visa

Yes. I don't -- I think what happens whether it's a biometric or some other mechanism that drives the entry into the system, that'll be customized and by market, and I don't think the U.S. is anywhere near being able to pull that off. But again, if you focus on you have to have the strong base so that we can innovate, that's just an entry point into the system. Each one has a flaw and will get better over time. But as long as you stay true to the process and the entry point and the protection of payment credentials, the entry point doesn't matter.

Liz Bacelar;Founder;Current Global

Do you agree?

Markus Eichinger - Wirecard AG - EVP of Group Strategy

I fully agree. And also if you look at our cases that we have here, those are all entry channels into the same system. And whether it's facial recognition, whether it is your chip and pin authentication or its thumbnail -- the thumb, it doesn't really matter because it's about identifying the user. If you are able to identify somebody, you can conduct a payment, as simple as that.

Liz Bacelar;Founder;Current Global

This feels so personal, right? The Minority Report scenario. But it also feels so useful. So when you think about frictionless, Thierry, what do you think it's -- what's your vision for frictionless life and friction retail?

Thierry Gadou - SES-imagotag Société Anonyme - Chairman, CEO & MD

Well, yes, maybe it's a little bit the cherry on the cake for friction -- I mean facial recognition. I know that, yes, it's very advanced in China because there are probably less stringent regulation about the use. But it's very common in airports, right? In passport control, we all use now facial recognition. So there is no doubt it's going to be spreading in many sectors, in many occasion because it's practical. Nevertheless, in retail, I think it's a little bit -- it was nice to showcase how China is advanced in online to offline synchronization and in digital retail. It's absolutely amazing how far they are. And a lot of the things we experience in retail or experiment, innovate, we do only in China because of that. But facial recognition is maybe an extreme case. There are so many frictions to remove before actually saving that additional fraction of second just because it will recognize. I think mobile payments and scan-and-go is already 90% of the journey -- of the way to go. So it's maybe a bit extreme. But it's interesting always to follow what's happening in China, very leading edge.

Liz Bacelar;Founder;Current Global

For sure. But going back to Markus' comment on regulation. We're talking about regulation not being an excuse to innovate, right, to keep us from innovating. You with Hyperloop, you guys are masters of dealing with that, dealing with the challenge of regulation and governments because your future depends on dealing with governments and getting a buy in. I wonder how -- what do you see is what we're going to be able to see in the next few years? The idea of Hyperloop launching in my generation, it's extremely exciting to me should be to all of you who spend half of your life in a plane like I do, to be able to expedite transportation and be connected in a different way.



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Cristian Santibanez;Co-Founder;Autonomy

How is mobility evolving? I'm going to answer beyond Hyperloop because I think that Hyperloop is part of the answer, but it's not the only answer to it. If you take a look back, we're moving from a world, where prevalent in the U.S.A. -- prevalent in the U.S.A., freedom meant having car keys, to a world where people actually, at least kids, our kids, tend to feel a lot free-er when they have a phone. What's been the biggest revolution in the mobility space for the past 100 years in an industry that's actually generating millions and billions of dollars? Well, it doesn't come from a car manufacturer. It comes from Google. It's called Google Maps, and that's probably the biggest game-changer over the past 20 years in the mobility space. And as we move forward, I'm very tempted to ask a question to the audience here. Who has more than 3 mobility apps on their phone? Who has more than 5? Anyone has more than 10? Okay. Let's ask the same question in 10 years. I think that we're going in there, and that's perhaps the best answer. I think that we're going either to have a diversity of services such that we're going to require integrated payment solutions or things like that to reduce the time we spend switching from one transportation mode to the other, or we're going to switch to integrated sort of digital key mobility solutions like what you've -- has been developed by a company called Whim in Helsinki, where you have one app that you get, for which you can have a subscription, a monthly subscription, that gives you access to on-demand car services, bicycles, buses, trams and pretty much any mobility solution available in the city. One app, integrated payment, you choose, go. You choose how you move. That's it. Your trip is done.

Hyperloop is part of that solution. Of course, it's part of that answer. There's also another very promising sector developing right now, which is the sector of autonomous vehicles. And I think that both Hyperloop and autonomous vehicles, as far as the human experience is concerned, they both talk to something quite interesting, which is we're going to be saving time. What do you do with the extra time you gain from moving away from a 1-hour trip on a train ride to a 10-minute trip on a Hyperloop?

Liz Bacelar;Founder;Current Global

Sleep. Sleep. We would sleep and shop. Sleep and shop.

Cristian Santibanez;Co-Founder;Autonomy

Think about autonomous vehicles. When you're no longer driving, what happens inside the car? You don't necessarily have to design the interior of the car to be something where you're just sitting and waiting for the driver to take you somewhere. You can actually imagine somewhere -- I don't know, I've sometimes imagine like having a small sports room like in the car or something like that so I can do my sports while going to the office or something like that. It's -- the only boundary there is your imagination. Regulation in the space right now, I think all regulators around the world have understood, this is the mobility, in particular, it's a sector that is evolving really fast because transportation is broken as it is right now, congestion, pollution, sadness -- I'm not going to enter into that but -- and so everywhere around the world, new regulations are coming out. We recently, a couple of months ago, were the first to propose a regulation guidelines to the European Commission as well as to the Department of Transportation, so it's an ongoing work. But in this specific sector, I think that regulators are very aware of the crucial importance of fixing mobility, generally speaking, and are working towards that.

Liz Bacelar;Founder;Current Global

There's a lot of unrealistic time lines around Hyperloop rolling out now and I know there are all kinds of approaches around the world, but from the work that you're working on, when do you think we could see it coming to life? What is your realistic prediction of when Hyperloop -- your Hyperloop will become a reality?

Cristian Santibanez;Co-Founder;Autonomy

I cannot comment to that on behalf of the company. There have been public commentaries about that. What I can tell is that it's going to happen within the next 10 years, for sure.



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Liz Bacelar;Founder;Current Global

And with smart cars, we know it's already happening.

Cristian Santibanez;Co-Founder;Autonomy

I'm sorry. What?

Liz Bacelar;Founder;Current Global

With smart cars, we know it's already happening, right? It's...

Cristian Santibanez;Co-Founder;Autonomy

Yes. And I mean there are 2 things to keep in mind here when you want to have realistic predictions. First, the level of technology development. Right now, Hyperloop Transportation Technologies has -- is integrating the world's first full-scale system fully. We are in the middle of homologation procedure. We have an entrance offer, so we're quite close to actually having a commercial solution built. In the space of autonomous vehicles, just write it down on Google, you're going to see what's the latest development and what's the latest thing that they've managed to do. Then the question becomes when is that legal. That's not for us to answer.

Liz Bacelar;Founder;Current Global

So Markus, Thierry and Cristian, you're driving innovation. To drive innovation, you need investment. And as I always see and as I work in many sectors of technology, the gap between what the creators have in mind

(technical difficulty)

Markus Eichinger - Wirecard AG - EVP of Group Strategy

...tend to totally underestimate the time line and underestimate the impact, a couple of dozens years later, all cars. If you would have asked people back then what they think about cars, they might have given you some weird reasons why that can't exist or why it doesn't make sense. I think what we see with smart cities and new mobilities, self-driving cars is exactly the same. Now we would say, okay, we have a self-driving car, I have 2 extra hours, I go shopping or whatever. I don't think that will be the case. In the last 100 years, we are working only half the time than we used to work 100 years ago and we have -- with 6x the productivity so -- and that just happened. And I think that is exactly what we see here. It's just a natural process. Productivity will increase. Quality of life will increase. And I think if you bet on the right huge trends and you have positioned yourself as a corporation that is agile enough to make use of those trends, that is actually the story that I would tell investors and they have to buy that story.

Liz Bacelar;Founder;Current Global

Thierry, what bets should you be making -- would you be making for the investor?

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Thierry Gadou - *SES-imagotag Société Anonyme - Chairman, CEO & MD*

Yes. Let me take a little, let's say, provocative approach here. I think when I look forward, I think that one of the best investment opportunities is in retail. I know it's not very sort of commonplace. A lot of people -- everybody can see retail is under very much pressure, especially brick-and-mortar retailers even though they are making a lot of efforts to breach to the online world. But I think that retail is the biggest industry in the world. It's 25% of global GDP. It's 1 out of 6 jobs on the planet. It's a huge industry that is undergoing a major transformation. I think that pure players who have -- pure e-commerce players who have been capturing a lot of the value, because value goes to digital assets, are going actually to disappear and that the winning players will be omnichannel retailers. And we need to follow very carefully those who are successful in becoming really omnichannel because there's going to be a lot of value creation in that. I am not seeing the shift in investment being really consistent with what I see right now. So this is why there are so many opportunities going for it, I think.

Liz Bacelar;Founder;Current Global

So I was talking about investment angle in transportation. What you think are should be top of mind if you were an investor? What would you be -- what bets would you be making today?

Cristian Santibanez;Co-Founder;Autonomy

I'm not an investor, for sure. And if I were, I'm sure I would keep some trade secrets for myself. This being said, I'm happy to discuss that after the panel with anyone who would like to dig further into that. Overall, in the transportation space, we're looking more and more at how we can give people more time. When you give people more time, it's also -- for me, there's also an underlying assumption there that people are going to be able to do more things. Information is very abundant right now, which ultimately means that it's very hard for someone, for one person or for one individual or for one traditional company to come out, develop and win as opposed to organizations whether they're companies or not that manage to tap into the social complexity into collaborative ways of working and things like that because people have more time, ultimately. So that, I think, is an interesting space to look at.

Liz Bacelar;Founder;Current Global

Fantastic. I wanted to ask you all about the journey. One thing that, if we go back to 2012, we talked a lot about IoT at that time. And in 2014, it was IoT fever. Everyone had a wearable. Everyone's talking about wearable. And we were seeing these advancements, these products disconnected from an ecosystem. Suddenly, when they started getting -- becoming a journey, we realize the importance of smart homes. We saw that the watch could open my door that then it would talk to Alexa and all of that. And I see today, I don't know if you agree that in the smart city space, we have incredible advancements, but they haven't yet been connected in journeys. And I wonder how you're seeing those journeys today? What aspect of those journeys that you find most fascinating?

Bill Dobbins;Head of Business Development;Visa

I think -- well, I know that's right. I mean I think part of the challenge is you've got to meet the customer where they are, right? We talked before about customer will tap and pay to get their coffee in the morning, but they'll go into their local transit system and they've got to take out cash to get a ticket, to navigate the environment, and who knows what the experience is going to be like downstream? So -- well, we have to do a better job. And I think they are examples out there. Just look at London, and transit from London and what they did on top of a contactless platform. I will say Europe is a little bit more advanced in payments than perhaps the U.S. But that experience carries over, making transit a key part of their everyday lives, and we're starting to do that here in the states, here in New York, Portland, Chicago, Miami all embedding contactless or tap-and-pay functionality to carry the individual's full-day journey through the same vehicle that they're using today. And I don't think it will be the same everywhere. I think each market will decide for themselves at the pace, but I do think that you have to be where the consumer is, how they're paying today should carry over to all the environments that they need to pay in.



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Liz Bacelar;Founder;Current Global

In creating an ability to transact, a way around my lifestyle, like, for instance, I think about to be able to order your delivery on the go, in your car or in your transportation.

Bill Dobbins;Head of Business Development;Visa

Yes. For you, payment is an afterthought, right? You would want it the way you want it. That is the way it should be in all elements, right? I don't know that card and tapping is the total future of the transit system. I think it's a piece. And I think it's a piece in a lot of environments. But if we can make it seamless whether it be a wearable where we're talking about some other biometric and payment credentials are stored behind the scenes, that's what you're expecting, that's what I think we need to fulfill as a promise.

Liz Bacelar;Founder;Current Global

Is there a primary player that is bringing those journeys together? Is it a payments company such as Visa creating, connecting the dots and fueling those journeys?

Bill Dobbins;Head of Business Development;Visa

Well, I think everybody has to do their role. And everybody has a part, including the governments and the cities themselves, right? They have to have always-on data. They have to enable these partnerships. They have to be forward thinking. And if they're not, that's what's going to add to the delay in the expansion of this. And you've got 4 transit agencies major doing it. The rest are doing something else. So I can travel around the U.S. and not have the same experience. So what's great here might not be great when I go to California. And that's what -- I think this is all about partnership. Everybody does their piece and we innovate and we create the experience that the consumer wants.

Liz Bacelar;Founder;Current Global

So Markus, I wonder what's your vision in rolling out the journeys and driving us to this future of payment?

Markus Eichinger - Wirecard AG - EVP of Group Strategy

I always tend to say the best customer journey is that one that you can't describe. Because living in predefined customer journeys to me sounds like a living nightmare. I think what's the challenge -- and that is applicable for smart cities and that's also applicable for the retail industry is to take -- to catch the user where he is and when he wants to do something regardless of any kind of environment, environmental situation, let it be voice commerce where you're on the sofa or let it be the aisle checkout in a store, it doesn't really matter. The same applies to smart cities. I don't want to be dependent on apps or schedules or whatever, I just want to go from place one -- place A to place B. And how to realize it, I think that's exactly the technical challenge also. The payment industry is well positioned because they're already integrated and they have the what we call unique user because it's always you with your payment instrument. And I think that will be an interesting journey, how to leverage on that capability in the future.

Liz Bacelar;Founder;Current Global

And Thierry, I have a feeling that you wish people that stop saying the word omnichannel to you when you talk about retail because like Markus said, consumers don't define it that way. They want -- they define it what they want, when they want, where they want it.



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Thierry Gadou - *SES-imagotag Société Anonyme - Chairman, CEO & MD*

Yes. So you started questioning about IoT developments, and you're right, it has to be seamless or invisible for shoppers. My definition of IoT is basically digitizing the physical world. So -- and we're a retail IoT company, meaning we want to digitize this physical world, but it's not to add technology. We want that technology to be invisible. The only thing we're aiming at is that the store becomes automated, becomes data-driven, much better managed, that the store becomes connected to suppliers, to consumers, so that ultimately, we can reduce the pain of retail and the pain of consumers. Pain of retail is excess inventories, out of stock, waste, a lot of labor cost, I mean putting pressure on profitability and ultimately on the sustainability of one of the biggest industry in the world and one that has a major impact on our lives and society. At the same time, consumers want to save money, like they demand convenience, they demand omnichannel being just convenience, in fact, because their lives are also under pressure, right, and time? And so, yes, on the background of that, there is IoT, which is smart connected hardware that automates, makes things that are driven. And it's a great purpose for the company because it will have so much positive impact on our society and our cities actually.

Liz Bacelar;Founder;Current Global

And Cristian, one last question to you. When you're developing Hyperloop, you think about safety, there's speed, there's convenience, we know these things and that's the transportation vehicle of the future. But how about the journeys? Is it too soon to start talking about the journeys and the impact of those journeys in our lives? When you guys are developing Hyperloop, are you thinking about how we integrate with other partners, with other services, with other touch points for the passengers?

Cristian Santibanez;Co-Founder;Autonomy

I don't know any other transportation company that isn't doing that. What I can comment, I mean -- think about it this way. Right now, the way you -- the most important trip for people on a daily basis is their commute. Right now, predominantly with the world, people take their car for their commute. There was a study actually done by the royal academy of -- in Sweden, if I remember correctly, that actually showed that if you spend more than 40 minutes on your daily commute, your probably of divorce after 10 years is multiplied by 2. That tells you really something about how painful the commute experience can be.

Liz Bacelar;Founder;Current Global

I'm crying inside right now.

Cristian Santibanez;Co-Founder;Autonomy

We can talk about it later. Now so yes, this is definitely something that, for me, the transportation issue that Hyperloop Transportation Technologies in particular, but I don't think that we're the only ones in that case that we're trying to solve has, of course, to do with developing transportation that is human-centric and really focused on how people move and how they enjoy moving, so that can become something that is just enjoyable.

Liz Bacelar;Founder;Current Global

Fantastic. Have you any last thoughts about smart city? Here in New York, we're just excited, we got an extra stop on the L train. That's future and innovation for us. And it's really easy to lose sight of how quickly things can change when in our day-to-day lives, change is implemented in such a slow pace.



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Bill Dobbins;Head of Business Development;Visa

I agree. I think you're going to, in the now, you're going to see this innovation in payment. I think a future state probably includes things like loyalty, full journey management, that integration. And I don't think the card, in particular, is going to be the authentication method. I think it's probably going to be some mobile element that's the authentication piece. But that's -- it's real, it's growing and we'll see it in our lifetime.

Liz Bacelar;Founder;Current Global

Markus?

Markus Eichinger - Wirecard AG - EVP of Group Strategy

What I like is that smart cities and a better way to commute or to go from place A to place B, it will also make the physical shopping more relevant again because it brings it closer to your home and makes it more accessible. And I just imagine going with Hyperloop from L.A. to San Francisco just for a shopping trip, I mean, this doesn't make sense now, but maybe in 10 years. And this is the way how -- this will also totally affect the overall retail industry in my point of view.

Thierry Gadou - SES-imagotag Société Anonyme - Chairman, CEO & MD

Well, I think, yes, it was just being said. I think we're going to have a new golden age of retail in those smart cities in the future. So I think technology is able to achieve that very, very quickly. And we have -- we mentioned that China was at the forefront. And I can see -- and something that I have to say is that I see in the U.S. some very interesting things happening between those 2 giants fighting at the top of this transformation, Amazon and Wal-Mart, who are both our clients. And they are -- 2020 is going to be an amazing year.

Liz Bacelar;Founder;Current Global

Fantastic. Any last words?

Cristian Santibanez;Co-Founder;Autonomy

Yes. I want to -- I'm sure that the audience actually has question. Unfortunately I know that, I think, we're not going to have time for that, but I want to kind of open up again. We live in a world where since the beginning of humanity to 2009, there were about 3 billion people that had moved to cities, I think. And from 2009 to 2050, there's going to be another 3 billion people moving to cities. We are doubling the size of the urban population within 40 years. Once you say that and once you put that into perspective, that there is so much room for creativity, for innovation, for things to change. It's not a blank sheet, of course, but I think that touching into the places that actually have a strong impact on the way people live within urban environments, that's [heartening] to look at.

Liz Bacelar;Founder;Current Global

And I'm terribly happy to know that you guys will help us get there in innovative ways. Thank you very much for this conversation, gentlemen. Thank you all for coming.

Kevin Brown - Wirecard AG - VP of Marketing & Product - North America

Great. Thank you very much, Liz, panelists. So I'm back as your moderator, I promised.



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Next up, I am very pleased to introduce Carrie Creed from Wirecard North America to talk about our next fireside chat. So Carrie, panelists, come on up.

Carrie Creed; Sales Executive

Thank you. Thanks, Kevin. Good morning. My name is Carrie Creed, and I have been a sales executive at Wirecard for the past 12 years. It is my pleasure today to introduce you to Edabeth Brown from AT&T and to share with you some details about the successful partnership between our 2 organizations. As a leading innovator in the payments industry, Wirecard is always looking for opportunities to help our clients overcome challenges.

Approximately 10 years ago, we started to hear from numerous telecom companies about their high check costs, increased administrative burdens and complex responsibilities relating to achievement management. All of these were a direct result of issuing refund checks to customers.

For the last 18 months, my team and I have collaborated with Edabeth and her team to design a fully digitized prepaid card solution. Throughout those conversations, it became apparent that AT&T could achieve substantial cost savings by switching solutions. However, it would never be at the customer's expense. Edabeth was laser-focused on ensuring the customer experience was a top priority.

This past June, Wirecard has officially replaced AT&T's refund checks with a fully digitized prepaid card solution. No matter the demographic of the customer or the payment amount, every refund card was delivered with choice to ensure a positive experience. You see, Edabeth had 3 goals from the beginning. It was to reduce costs for her organization, fully digitize the payment and ensure her customers had choice. Wirecard is so proud to be the partner that she chose to make our vision a reality.

At this time, I'd like to introduce you to Edabeth Brown, AVP of Global Customer Payments; and Seth Brennan, Manager Director of Wirecard North America. Thank you.

Seth Brennan - Wirecard AG - MD & COO of North America

Thanks, Carrie. Thanks, Edabeth, for being here at Wirecard Innovation Day. Thank you to all as well. This Innovation Day is all about change and innovation in digital payments. And I think as we all know, innovation's typically shaped by customer experience. Edabeth has kind of a unique perspective about that, that I like her to spend some time chatting with us all about.

And Edabeth, I'd like you to spend some time talking about the chicken and the egg, which came first? The -- to what extent is innovation driven by thought leaders like Wirecard? And to what extent is innovation driven by customer expectations and customer preferences?

Edabeth Brown; AVP of Global Customer Payments; AT&T

Excellent question. Thank you, Seth. And thank you again so much for having me today. I really enjoy having this conversation. I really would tell you that it's a combination of both of those things, right? It's a tight partnership between our thought leaders as well as our customer. And when we think about what is going on in the payments space today and as a technology company, I always tell my team the only thing moving faster than technology is customer expectation, right? So no matter what the product and services that I roll out and no matter how quickly I do it, I need to have an experience at the end of the day that is feasible for my customer, right?

So when I think about the strategy that we employ as both thought leaders as well as the fact that we need to be looking at the trends that are going on in the marketplace, and I need to be meeting my customer where they want me to be. So long gone are the days in which I can tell my customer how I want them to pay AT&T and how I'm going to pay them. It's really all about how do they want me to be making a payment method for them, where and when and, of course, how I'm going to pay them. And again, because they're looking for it to be immediate, I needed to look for a solution that met them in that same space.

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Seth Brennan - Wirecard AG - MD & COO of North America

Thank you. Edabeth, you mentioned trends. You mentioned these changing preferences. How would you characterize how customer preferences, expectations are changing now?

Edabeth Brown;AVP of Global Customer Payments;AT&T

Yes. Absolutely. So as the mom of many millennials and just being a senior millennial myself, I am absolutely, so I'm very in tuned to the peer-to-peer network as well. So how many of you are Zellers, Venmo, PayPal? How many of you have all of them? Right. Because depending on how or which child I'm going to pay, that's when I know which application is going to be there. But it was watching the industry and seeing the various changes in my customer's behavior, not only was our industry changing from long ago when we had POTS lines, desk telephones to where we are today with mobile devices. We knew that it was going to have to be something that was going to be easy and seamless, right? So as Carrie so eloquently put it, I wish I could put our strategy so eloquently, it was really about my customer and how do I get there and how I do I get to that seamless experience, and that's what drove us to that partnership with Wirecard.

Seth Brennan - Wirecard AG - MD & COO of North America

Okay. So you've touched on this a little bit already, but spend a little more time please on AT&T's payment processes and how those have -- how you've worked with Wirecard and how those have adjusted to meet your customers where they are.

Edabeth Brown;AVP of Global Customer Payments;AT&T

Absolutely. So previously, with our refunds, as Carrie had alluded to the fact, that many of us had internal processes where we would generate files that went to your payables team and then they printed a check. And then they put those in an envelope and then they mailed it to the customer, right? So more and more, as we saw that our customers were needing that experience, we identified the fact that, why are we still sending checks through the mail, especially when you think about refund process? In many cases, that's when a customer is leaving AT&T, right? So we're generating refunds to the customer. And the last thing you want to do is add a friction point to the refund process, right?

So when you think about delighting your customer, you have to think about the full end-to-end cycle, Seth. It's not just when you're a customer of AT&T, but if you're leaving me for some reason, I still have -- I still value you as a customer. And again, that's what Wirecard brought to the table for us. It provided us all of those things from a customer experience perspective as well as, of course, having a fiduciary responsibility to AT&T, we looked at cost-saving measures and where those were going to happen, how was I going to do it and were those cost-saving measures going to improve my customer experience? So when we looked at a variety of solutions -- because, of course, we all do, right, we look at many different solutions that are in the space and we pick the one that meets our needs as well as our customers. I wanted that solution that not only brought cost savings, but it helped to delight the customer in the end and bring the result digitally, quickly to the customer and without any additional friction.

Seth Brennan - Wirecard AG - MD & COO of North America

Okay. Thank you. So if you're focused on the customer's needs, delighting the customer, adjusting to meet the customer where they are, it sounds to me like payments maybe are becoming a bit of a competitive advantage for you. Could you spend a little bit of time talking about your perspective on that?

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Edabeth Brown;AVP of Global Customer Payments;AT&T

Sure. So when I think about -- that's a great question. When I think about it, do I think that customers come to AT&T for a payment method? Probably not. But what I can tell you is that they will leave me if I don't get it right, right? So when I look at the previous -- so today, I'm very proud to say that today's my 28 year anniversary with AT&T. And yes, I started when I was 12, a junior achievement. But when I look back, I remember 28 years ago being told how checks were going away, right? And in the payment space, believe it or not, we still have customers who pay us into our lockboxes, right? So I remember where our focus was, how do we receive that check, how do I post it as timely as possible, how do I ensure we don't have encoding errors, any returns so on and so forth. But then, of course, you watched how the payment cycle has expanded since then. And a lot of that is driven by our customer, right?

Again, I don't tell my customer how they're going to pay me, but I better have the payment method that works best for them. So we got, of course, into your credit cards and debit cards, and absolutely, we do ACH transactions. So AT&T is a payment originator in the ACH space. So we allow that as well. But I'm very proud to also say that AT&T has taken a broad step from an innovation perspective when we started allowing customers to pay with cryptocurrency back this past May.

So again, thinking about where your customer wants to be, you have to be listening to your customer base. You have to be watching the trends in the space and watching what works. Because what's as important to success is failure, right? So how many of you are really afraid to fail, right? But how many of you tell your organizations, if we're not failing, we're not trying, right? So when I think about where we've been and where do we go, it's all about the entire change cycle, making sure that we're making relevant changes, making sure that we are 100% committed to what our customers end game is. And again, that's really what led us into the Wirecard experience, which has been successful. Since our implementation, again, we've been able to save in our check printing. We've certainly improved on delivery time to our customer. And the fact that Wirecard has been such great partners, we have reduced calls into our call centers as well as the handling time.

Seth Brennan - Wirecard AG - MD & COO of North America

So you mentioned call centers, which are a component of customer care, which clearly based on what we've talked about here already today, is an important part of AT&T's philosophy. Can you talk a little bit about how payments fits into that end-to-end customer journey with AT&T? How it fits into your customer care ethos, as it were?

Edabeth Brown;AVP of Global Customer Payments;AT&T

Sure. Absolutely. When you think about it, I love the fact that AT&T is always innovating or putting out new products and services, right? With every new development or acquisition that we do, we always have another step into something new. It's phenomenal. But when we think about it, at the end of the day, we have to be able to take a payment for that activity, right? So we really have to be at the forefront of thinking about how is the customer going to make a payment.

So let's go back just a moment when I said, well, a customer doesn't come to AT&T because I give them this great customer and payment experience and I allow them to pay through their device, if I don't get it right, I promise you they're calling into our call centers. And I promise you that I'm getting the very first phone call from our call center, Vice President saying you're blowing up our call lines, right? So the fact that AT&T is very, very focused on our customer experience, not only from the moment that you place your order, it's all the way through the life cycle, we make sure that we partner very closely with our customer care units for that reason, right?

So during our journey with Wirecard, it wasn't just the fact that you were dealing with the payments organization. We brought in our sales operations organizations, we brought in our customer care organizations because they're the ones that are talking to the customer, right? They're customer-facing. They needed to understand our process just as well. So even before we went ahead and rolled this out, we needed to get their buy-in on the solution, right, because like every good thought leader, we want to know what's in it for us, what are you going to save us and make sure that you're taking care of our customer, right?

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So the good news is Wirecard was able to match and meet all 3 of those objectives with our care and sales partners, which has allowed us to realize the experience that we have by saving those calls into our call centers. And when we do have them, we're able to handle them very efficiently and very timely.

Seth Brennan - Wirecard AG - MD & COO of North America

Can I ask you to spend a couple of minutes talking about how Wirecard worked with your teams to align with that philosophy in that approach? I know it's a big part of Wirecard's continued interaction with AT&T and with you is ensuring that the AT&T and Wirecard customer care focus is continued through our joint offering. Can you spend a few seconds sharing?

Edabeth Brown;AVP of Global Customer Payments;AT&T

Sure. It's actually been a really great and interesting journey. So of course, it started out with my new BFF, Carrie Creed calling me, right, and talking about the fact that we were in this space together, right? We do refunds, you do refunds. You're customer-driven, we're customer-driven. And we had a lot of conversation about what this was going to look like at the end of the day. And my objective, of course, was to continue to give my customer choices. Because again, it's not all about me, except at home. But it's not all about me at work, right? It's all about my customer. And I wanted to be able to give my customer choices. I did need to give my accounts payable partners the relief that they were looking for. And it's an achievement, right? Those were the things that they came to the table and said, "You need to solve for all of these before we get our buy in." And that was something that I really appreciated that Wirecard didn't just take our first presentation and walk away. The team continued to come back and tweak what we needed based on our conversations.

I was really impressed with the way that when the team came back for our final presentation, and this, I'll be honest, is what sold us is the fact you could tell they listened. And as a partner in the space, really, that's what we want. We want partners that don't just sell me and walk away. We want partners that are in it with us. We want to know that it is a collective -- it's a collective program. And when I saw that final presentation, I was impressed. It was not only the choices that we were looking for. The presentation of the card, the presentation of the mailer, you could see that they understood our business and what it was that we were aiming for. So think about it. That's just in the beginning, right? So that's just a sales pitch. Well, now that's great. Now we have to go into the whole technology component of it, right? We're going to start writing requirements and start getting into where we need to be, how do we do this? What is this going to look like? And at the end of the day, do our test and walk away, right?

Again, what I really appreciated about Wirecard is they were there as our partner helping us every step of the way. When our team fell into a gap situation where we just didn't know how that was going to work, Wirecard was there for us. They helped us walk through every bit of details. We probably drove them a little bit nuts with the fact that we wanted to do every bit of minutia about what was in those files, what did you do with them, where are you going to store this information and how are you going to use it after we're done, right? Never did we feel like we were an imposition to the day. It was always about whatever it was that we were needing.

So the business requirements went well. Of course, we went through integration. And as AT&T, we're a big company. We have many, many systems that need to be integrated with, right? So it's not just about a once and done. Once again, the partnership held fast. And we were able to integrate with multiple systems. And another -- and I can't say that everything was 100% perfect, right? Because that's what happens along the way. But the best part was how Wirecard handled every single step of that. When we had the challenge with one of our technical partners, Wirecard was there in a moment's notice, let me get our technical folks on the phone with your folks. Let's talk through that, right?

So again, appreciating the fact that they -- Wirecard always made us feel like we were part of the process and that we had a partner that cared about the end result. And as Carrie mentioned, I'm very pleased to have deployed this past June. It was aggressive both -- from both perspectives. We had many a late night calls talking about what we were going to do next. And it was, at the end of the day, it has been a tremendous rollout and very successful.



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Seth Brennan - Wirecard AG - MD & COO of North America

Thank you for that. I'm going to shift gears a little bit into a little bit of a conversation about the acceptance side of payments. We talked a lot about issuing payments. Can you talk about the role customer experience plays across the various retail channels at AT&T?

Edabeth Brown;AVP of Global Customer Payments;AT&T

Sure. Absolutely. So as I'm sure, all of you are AT&T customers in the room, you understand that we have a variety of ways to communicate, to buy, to have a relationship with AT&T. So whether it's VR or IVR or a retail space or you perhaps you're purchasing online, we're really looking for an omnichannel solution, right? Our expectation is that we want our customers experience to be the same regardless of where you interact with AT&T. So when we think about what is going on in the payment industry, which if you've been in the payment industry for a long time, you realize that we've made some significant changes for the first time probably in about 40 years, right? Of course, there are rules and regulations that go along with it. But when you think about how you can make a payment today versus where we were even 5, 10 years ago, it's changed significantly, right?

So even in our retail space and online, we're looking at how our customers wanting to pay us again. So we're looking at wallets, right? So we think about -- again, we talk about the peer-to-peer networks. So the peer-to-peer networks are getting into the business of doing B2C transactions, right? So even in a retail environment, face-to-face, you can use PayPal, you can use Venmo. And those are the types of experience that we, too, are looking to be implementing. We utilize wallets, Apple wallets, Samsung Pay and the like.

So we make decisions, Seth, based on what makes sense, right, because there are some types of solutions that don't fit in a specific channel, right? But think about it, we've got face-to-face sales folks in our retail locations, we've got door-to-door salesmen as well. Their experience is very different than even being in a retail store, right? And customer care, from the traditional sense, are still talking to our customers as well, and we have customer representation and sales operations over the phone as well. So again, you want to make sure because you can have a customer who starts a transaction online and then comes into one of our sales organizations via a phone call, right? You want that experience to be seamless for them, so we're always looking to make sure that, that experience and improving on that to make sure that it's an omnichannel solution.

Seth Brennan - Wirecard AG - MD & COO of North America

Okay. Thank you. One last question to wrap things up. Wondering about any concerns you had, any issues you uncovered as you engaged with our team to bring AT&T payments, digital payments to meet your customers, where they were, meet your customer expectations. So any particular concerns or issues meeting your customers where they are?

Edabeth Brown;AVP of Global Customer Payments;AT&T

So I'd tell you the one thing that probably keeps me up at night is security, right, at the end of the day my customer trusts me with their information and they trust me to be making the best decisions with my partners as well to make sure that they have the same focus on security that I do, right? So when I think about where payments are going, Seth, I think that that's a concern of mine always. The more seamless or what we call the invisible payment and the more invisible the payment becomes, the more invisible your customer becomes as well. So security is absolutely top of mind for a multitude of reasons. Number one, how do I ensure that it's Edabeth on the other side of that payment, right? How do I know that the information that is being provided is good information? So from a payment perspective, that's really important. And then, of course, security incoming. So where the transaction starts, in transit, where it ultimately lies and at rest, right, making sure that, that information is secure as possible. And again, of course, always making sure that because it's our name that is going on these transactions, that any partner that we are vesting our interests in has that same laser focus on security. And that is something that has proven -- obviously, I'm very positive with Wirecard, and I'm pleased to say that at this juncture, we have done nothing but what we have set out to do, and we have saved money in our accounts payable area. We have decreased calls into our call centers and handling time. We have improved our customer experience and are able to deliver their refund to them, how they want to receive that money in a timely fashion. And if there's any challenges after the issuance, that we have a point of contact that can handle those questions as well.



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Seth Brennan - *Wirecard AG - MD & COO of North America*

Thank you, Edabeth. You had talked about the time you spent with Carrie talking about what's next. I'm very excited to take that journey with you. So thank you so much.

Edabeth Brown;AVP of Global Customer Payments;AT&T

Excellent. Absolutely. We're looking forward to it as well.

Seth Brennan - *Wirecard AG - MD & COO of North America*

Let's get Kevin out here for the next. Thank you. Okay.

Edabeth Brown;AVP of Global Customer Payments;AT&T

Great. Right. Thank you. Appreciate it.

PRESENTATION

Susanne Steidl - *Wirecard AG - Chief Product Officer & Member of Management Board*

Thank you, Seth and Edabeth, for that -- for this interesting insights into how we really work with customers and what the real solutions we are providing to customers.

Now moving to the last session before our lunchtime, switching topic again from some existing customer and something where we are preparing for the future. I would like to again introduce you to Thierry, and I would like to just give you a little bit of background on why we think this partnership is so interesting and makes us future proven in that space.

So when you think of electronic shop labels probably that doesn't tell anybody anything, and it didn't to me at all. So I was used to seeing those papers, and all of a sudden that is changing in Europe mainly for regulation because we are obliged to provide the accurate pricing to the customer at the point of sale plus the labor cost is so high. So that was our trigger to really exchange it to make sure that the pricing is accurate. But once we have such an electronic thing sticking at the shop rack, then it's not only the price you can have, but you can do so much more with it. And this is exactly where then the 2 of us joined together and we were discussing on how could we make more out of just something which displays and turn that into something which allows for more customer service, especially when the customer doesn't want to, on the one hand, check out at the normal cashier desk or doesn't want to use the automated self-checkouts at the machines at the very end of the markets. And this is when we then had a lot of brainstorming, a lot of ideas on anything that you can add the product to the baskets, have the loyalty systems combined, get the automated discount. And that across the world and that with a global partner and that with a global partner that will have 500 million of pricing packs deployed across the world. This is just the foundation that is really preparing for the real omnichannel or unified commerce, as we have discussed before. So I'm really happy that you will share some more insights on how this is working, and how we can provide a good integrated unified commerce solution in the future. Thank you, Thierry.

Thierry Gadou - *SES-imagotag Société Anonyme - Chairman, CEO & MD*

Thank you, Susanne. Thank you very much for inviting us and allowing me to share this journey of digital transformation of physical retail.



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So again, I think I mentioned a little bit earlier what we are about. SES-imagotag is a retail tech company. We are specializing in every -- sorry, it's -- in digital solutions, IoT solutions for physical retail. So -- and what we are famous for is those Electronic Shelf Labels. We've been inventing the first technologies of ESL years ago, so I think essentially in Europe, like Susanne has said, essentially because labor cost was high and regulation was stringent and restrictive. And so that was where the takeoff start. But as we will see, ESL is going to be going through a very wide adoption in the coming years.

And so just brief explanation. What we do is really about digitalizing the physical world of shops, really physical shops. And again, let's remind that 90% of retail in the world is still physical retail. So our solution combines ultra low-power wireless infrastructure. So nothing to do with WiFi. WiFi is way too high power consumption to make IoT work. Then wireless displays, cameras, sensors all throughout the stores and then software applications. And the goal is to help retailers improve store efficiency, so -- and shopper engagement. So basically make the store more automated, more data driven and, of course, more connected to both the suppliers and the consumers, as we will see.

So let's see just a quick video about how this works in a store.

(presentation)

Thierry Gadou - SES-imagotag Société Anonyme - Chairman, CEO & MD

So very quick summary of one of the many things that can be done with the smart labels at the shelf.

Just a few numbers about our company. I said we are the first ESL company worldwide. We're about \$250 million revenue, growing fast. We work with over 250 of the Top 500 retailers. So quite a high number of retailers work with us in 60 -- more than 60 countries. We've installed our solutions in over 20,000 stores, 200 million smart labels. So managing about 8 billion price changes this year. So -- and we are present in most areas. But I must say, as I said, that right now, the -- 85% of our revenue is still in Europe and it's starting to take off globally, as we will mention later.

Yes, I mentioned the retailer. So it's not only food retailers, it's also consumer electronic, homeware, the pharmacies, and many other types of logos. Not all logos are here. And so just a very broad sectors covering all the segments of retail.

All these retailers, though, are very different, in very different regions, but they're all faced with an urgent imperative to adapt to a very fast-moving environment and to high challenges. So everybody knows, I mentioned it earlier in the panel, that physical retail wherever on the planet is under very strong pressure because a lot of pains: price war, online channels gaining share, out of stock, excess inventories, waste, poor data. Again, the physical store is essentially a black box, and some call it a digital hole, very little data, no shopper or poor shopper connectivity and actually poor brand promotion when you compare it to the digital world really of e-commerce. And face also is new, customer aspirations to different and newcomers. So all these explain why there is a big digital divide between online retailers and brick-and-mortar retailers that I was mentioning earlier. It's going to change because the future of retail is really about bridging online and offline.

I think one of the major thing to have in mind, and this is -- this will drive the adoption of our technologies especially in the U.S., in China and Japan, is because in retail, the labor cost is increasing faster than inflation, faster than all the other OpEx or cost components. Why? Because it's a combination of wages catching up, and the increase of wages in retail is faster than the average wage increase. It's particularly true in the U.S. But it's a combination of that with the cost of price execution because of the increasing velocity of price changes due to online-offline synchrony -- to synchronization. So there is an absolute need, and you see that in all the attempts of retailers to become omnichannel like, of course, Amazon but also Walmart and all the big retailers, there is a need to synchronize. And it's very difficult to have offline stores, offline prices when part of your business and an increasing part of your business is actually online and moving at the speed of light and moving at the speed of online.

So the answer and the response to that challenge, obviously, in technology and more precisely in IoT, which is all the technologies, the hardware and connected hardware technologies that enable the store to be automated, to be full of sensors, to be producing real-time data, in order to actually be more collaborative, more automated, more connected collected. That's what we are about.



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And smart labels, although it might be seen as essentially a tool to automate price changes or display changes, is actually the core enabler of retail IoT. So it has many, many different sort of function. It enables a lot of functions. Of course, in shelf automation, so pricing agility, obviously, but also synchronizing the online/offline content but also picking -- pick -- like you saw in the video, how to use smart labels to improve the picking in-store but also the replenishment process was put to light. Also, visual workforce management, trying to modify the -- to show, in fact, the instructions and management data at the shelf precisely next to every product. Waste reduction is obviously a possibility of dynamic pricing. ESL is also, you saw it in the video, an enabler of computer vision. It's extremely difficult to make automated monitoring, shelf monitoring, with only computer vision, but smart labels enable to have a much higher productivity of computer vision in monitoring their shelf. It's obviously, and you saw it also, a marketing tool to bridge online/offline marketing to be able to have O2O synchronized campaigns.

Retailers, when they become omnichannel, they need to -- when they launch an online campaign, it needs to be reflected in the store. This is the future. So again, digital advertising at the shelf, O2O synchronized campaigns, coupons, we're going to see a little bit of that. And of course, customer experience. And last but not least certainly because we will talk a little bit about it is obviously a scan and pay and a mobile payment enabler because the smart labels and the smartphone is, we really believe, the future POS system of the stores. So -- and that is why we have this very important partnership with Wirecard, trying to remove that fundamental -- the very important friction in shopping, which is the checkout. And again, it's a win-win, let's say, endeavor here because we want to both reduce the cost of checkout but also the pain of checkout for consumers, especially at peak hours.

So it's all about our focus essentially on shopper here because the enablement of the payment is essentially about the shopping experience. So here is examples of what we do, especially in China and Taiwan and Japan where there is a lot of -- they're very advanced in O2O marketing, bridging really online and offline marketing campaigns, bringing better content at the shelf. And you know that customer aspiration is to have better nutritional information. Better transparency in retail is also a big driver.

Here, an interesting thing we are doing in China with one of the best omnichannel retailers is -- in China is making the -- using the labels to attract customers to show that there is an e-coupon. So this is the combination of payments because this was done with WeChat actually. In this case, WeChat Pay is combination of payment, electronic couponing at the shelf and, of course, Scan to Pay. So it is actually combining 3 business models into providing a much better penetration of coupons delivery, which is very important for brands. And so this is an interesting thing we're working on with Wirecard, is to bring this shop and go, this scan and pay to a maturity that is really taking off in terms of adoption. And we have -- we are combining with Wirecard, so the smart label technology with a mobile payment technology, so that it's extremely easy. Especially at peak hours, this is going to be really the focus to skip all the queuing and the checkout -- the long checkout process.

I think that digitalizing the store is about connecting -- essentially connecting the shelf and connecting the store to the online world, to the cloud. And it enables a new era of collaboration with all the stakeholders: the brands, of course, the merchandising, the advertising agencies, the payment companies, of course. And the most important for us is Wirecard. And all this enables a new way of managing retail assets and really making those physical assets digital, digital assets. So if there are questions, it's a bit difficult to go on.

But it's important to mention that this is bringing incremental profitability to a sector that really demands it because we mentioned physical retail is under pressure. And all the use cases, all the applications of smart labels are impacting both the cost component and the revenue in terms of improving the profitability of retailers. And those are a little bit -- so on the cost side, you've got, of course, the labor cost related to all the pricing execution but also error elimination, stock -- inventory reduction, waste reduction. And on the revenue side, of course improving the on-shelf availability with out of stock, automatic detection, improving the productivity, sorry, of in-store picking, so enabling to increase the delivery -- the out-of-store delivery of online orders. You know that click-and-collect and home delivery out of store is the major trend in U.S. omnichannel today. Walmart is actually a making big, big evolution -- progress on this. And then, of course, bringing advertising and data to the physical store.

So let me just take one minute here to mention that the advertising market has been sort of eaten by digital. So 50% of the advertising spend in U.S. is in digital, web and mobile. But the next step of that transformation, of that shift in digital advertising is going to be the shift to the physical retail, and that's a very important aspect. And this is going to improve the efficiency, the conversion rates of all the marketing spend of brands, and this is why we're talking -- we're working very closely with a lot of big brands today, in order to improve the way that retailers can leverage the traffic of their stores and enable advertising at the shelf exactly the same way as they do online advertising today.



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Okay. So there's a huge potential market. We're only at the beginning today. The coverage of smart labels and, therefore, Scan to Pay solutions is less than 5% worldwide. It's essentially very much focused in Europe, but it's taking -- it's going to take off in U.S. and it's taking off in China, it's taking off in Japan where we are present. And just to give you a sense of the scale, the top 100 U.S. retailers are representing about 2.5 billion labels, which change, of course, several times a year. And this is to be compared to a total of 400 million labels today. So it's a very important thing. And it would be wishful thinking if more credible people than me are now saying exactly that. So we can listen to -- maybe some of you know Greg. Greg Foran is the CEO of Walmart U.S. and very recently was making that statement.

(presentation)

Thierry Gadou - *SES-imagotag Société Anonyme - Chairman, CEO & MD*

Yes. So that's why it's going to transform totally the market in the U.S. You'll see that technology going very, very fast in the next 3 years everywhere, not only in Walmart. You can imagine also all the new stores of Amazon are digitalized at the shelf. Digital shelving is going to be a major enablement -- enabler of overall -- a totally new omnichannel way of managing physical assets in retail.

So for us, the next step is accelerated growth, of growing -- next year is going to be, again, very, very high growth. U.S.A. is going to become probably our first market. I'm not going to talk about a lot of innovations that we will be introducing in NRF in January. And of course, that requires a global supply chain ramp-up.

But what I want to mention as a conclusion is that this is not a one-man show or a solo play. Here we are working with very strong partners; so Microsoft because all our platform is based on Azure and we're adding one IoT device on Azure every second today. So it's very, very strong. It's by far the biggest IoT network -- managed IoT network today in the world across industries.

We have a very close relationship with SAP, too, which is so important in managing the back end of so many retailers.

Aruba and Cisco and Meraki are embedding our low-power IoT network in their WiFi. So this whole thing is making -- this whole partnership is making the solutions serverless and infraless, which means very pervasive. And this -- well, this is -- and then Wirecard, of course, last but not least, Wirecard card is our partner to make this dream come true of frictionless shopping. And I think that by combining smart labels, which will be everywhere, again, I hope convince you -- but it's not me, it's -- smart labels will be everywhere and they're going to be connecting to this world of payment and finally enabling consumers not to queue at the checkout but also to not only save time but also save money because in that payment process, there'll be a lot of electronic coupons redemption, automatic redemption. So it will channel also the money from the brands in that process. It's very, very interesting drivers of adoption that I think in this slide, maybe you want, Susanne, to add on this one because it's -- that's the core of our partnership.

Susanne Steidl - *Wirecard AG - Chief Product Officer & Member of Management Board*

It's the job for me. Thank you.

What I wanted to say, so what you could see is that this is the technology that pushes the products into the baskets, and then the next step is that the consumer needs to pay. And this is where we can just connect the 2 products together, and that means globally we can work -- roll it out. And the consumer can pay with any of his preferred payment methods as he uses to anyways. He can do his mobile checkout. He doesn't need to download the merchant's app. This is an important step because that would be blocking the consumers from doing it because you only want to have a couple of apps but not any, and that is a checkout on the fly. And we can combine that with, as you said, couponing redemptions, and that is right in time. And that is something which is really a difference to how it's operated today because the brands in the supermarkets, they have to use paper-based processes to get the rebates done. And this is the first time that can really be combined with our couponing and loyalty system. And in addition, that is something which, again, generates so many data points that allows us to address the customer again to give the merchant additional data to analyze and additional data products and, on the other hand, to have more products to address the customer.



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So I think this is why there's 2 roles in this game -- in this play, and they perfectly fit together. And this is why when we look into that unified commerce, the rollout of the unified commerce, this is where we are growing many, many partnerships to really be at the actual such evolution.

With that being said, I would hand over to Kevin.

Kevin Brown - Wirecard AG - VP of Marketing & Product - North America

Great. Well, Thierry, Susanne, thank you very much. So we have arrived at lunch.

Just a couple housekeeping things. We're having lunch served over here. Please help yourselves. And you will notice that it is also time for our innovation showcases. The teams are ready.

We talked this morning a lot about different concepts, different experiences that we're going to deliver collectively with our partners, with our clients. And now after grabbing some lunch and maybe a break, it's a great opportunity for you all to go see, experience, touch, feel those products and those innovations. So we encourage you to do that.

For folks that are on the webcast, we're going to be pausing it right now, and we will be back live at 12:30 Eastern Time, New York Time. That's in about 30 minutes. And we'll get it going, and we have an exciting afternoon coming up with talks from Google and of course from our CFO and our CEO, Dr. Markus Braun. So we'll be back in a half-hour. Enjoy lunch, enjoy the showcases. Thank you.

(Break)

Kevin Brown - Wirecard AG - VP of Marketing & Product - North America

All right, everyone. Good afternoon and welcome back and welcome to the afternoon portion of our agenda. I'm really excited for this next talk, the next conversation as a -- if you think about it as a palate cleanser after lunch. We're thrilled to bring Google's Chief Innovation Evangelist to the stage today, Dr. Frederik Pferdt. And Dr. Pferdt is based in Mountain View, California, where not only in addition to Google, he is also an adjunct professor at Stanford University. So as we think about coming back to lunch, if we think about the trend of innovation in commerce on the move, please help me welcome Dr. Pferdt to the stage to give us an encouraging, enthusing talk. Thank you so much.

Frederik Pferdt;Chief Innovation Evangelist;Google

Thank you. Hello, everyone. Super excited to be with you here today with the people who not just have a passion for the future but want to actively shape that future. So what do we know about our future? First, it's by definition uncertain. Second, we're moving into the future at an exponential rate. So we're actually moving into the future quite fast. And thirdly, technology brings us into that future, but our creativity decides how that future looks like.

So I want to see how you all think about that future 10 years from now. And I want you to just grab a piece of paper you find underneath your chair. So take a piece of paper and equip yourself also with a pen you'll find right next to it. These are the 2 tools you basically need to shape that future, to create your vision on how that 10 years from now would actually look like.

So to do that, I'm going to ask you to just take 30 seconds to envision a future 10 years from now, so that's 2030, and how a day in the future 2030 might actually look like. And please paint that picture of that future on your piece of paper in the next 30 seconds and go. 15 seconds left. And 5, 4, 3, 2, 1. Just put that pen to the side.

And when I'm looking at the room, I see some faces who are looking at me like, "Oh my God, I have to paint a picture of the future right now?" Some of you, they took out their phones and kind of like embarrassed, looked at their phones. And some of you actually took it seriously and you probably have a vision of your future quite clearly on your piece of paper.



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So what I'm seeing is that we as leaders somehow are lacking the ability to envision our future. We just don't do it, right? We don't spend 30 seconds to actually paint a picture where we want to be in 10 years from now, even just using a piece of paper and a pen.

Some of you have probably a vision with flying things on it, robots, probably a more equal world where we actually make progress towards climate change. But these things are happening right now, so there's not really a future we are envisioning. So let's just get rid of it. Let's just use that piece of paper you have in your hand and probably throw it as far as you can from you. Just get rid of it. You can use me as a target. Yes, fantastic. I love to be targeted with visions.

All right. So what happened? And I'm sorry that you have to now get rid of your vision. Some of us are emotionally attached to that vision even if we just took 30 seconds to actually create it. But what we're seeing is that our mind-set is just not ready for the future. We are not prepared because what's happening is that we all suffer from what we call a negativity bias.

So I have another exercise for you, and you can please tell me what happens here on this slide with those 4 equations. Yes, anybody? Yes. Three are right. I knew I could trust the CEO at least. Fantastic. But most of you probably thought there's one wrong. The third equation is clearly wrong, and our minds are clearly focusing on that third equation. It just bothers us.

You might think like, "Oh, this guy from Silicon Valley actually just made a mistake." But some of you might think, "Interesting, he actually had 75% correct. So he had 3 correct and just 1 mistake." And that's what's happening in our brains when we look at new ideas, maybe the future. We are mostly focusing on the negative aspect, things that are not correct, mistakes.

And in the past, way back, that helped us to survive. Where we were facing the mammoth or the tiger in the jungle, we needed to think that way. We needed to think negatively. We needed to focus on things which are not correct or actually wrong because that helped us to survive. But moving forward, we need to decide if we want to be part of that left group here or the right group. Are we focusing on the glass half empty or half full? Do we see opportunities or possibilities? Or do we only focus on things which are not correct and not work out?

Having that optimistic mind-set is something which basically helps us to not just look optimistically about our future but also actually ask the right questions. When I'm looking at my 3 kids, 3, 5 and 9, the middle one currently asks the most questions. Five years questioning everything, questioning the status quo of everything, asking, "Why is it that way? Why can't it be better?" And exactly that mind-set around curiosity, asking questions, helps us to actually look into the future optimistically.

Asking questions starting with what if helps us to frame that future 10, 15 or even 20 years out from now. What if we can launch rockets and land the first stage of that rocket safely on the planet to refuel it in 24 hours to make space travel more affordable and available to people? That's a question SpaceX asks currently. And that team just landed, I think, the 27th rocket safely on the planet and are currently on the way to Mars. But they started with a question. What if we can accelerate the transition to sustainable energy?

If you look into the factory in Fremont called Tesla, you're seeing big letters, the mission statement, accelerating the transition to sustainable energy. What if we can download the Internet and make all information available and accessible to everyone whenever they need it wherever they are? That's a question 21 years ago, Larry Page and Sergey Brin, both of the founders of Google, asked themselves at Stanford University. And it's still part of our mission, that exact question which was framed 21 years ago.

What if we can produce 0 waste? A friend of mine living outside of San Francisco in Mill Valley, she and her family of 4, they produce waste which fits into a container of that size every single year. So it's actually possible. But she goes around the world inspiring others with that question.

Or what if we can actually produce food sustainably? Beyond Meat and Impossible Foods are 2 of the companies who are now just starting to actually look into producing food more sustainably. So starting questions with what if help us actually to create a vision of the future and doing that with a healthy disregard for the impossible.

So I want to give you a second chance and invite you a second time just grabbing that piece of paper which is underneath your chair. So just take that piece of paper for a moment, and I want you to frame a question starting with what if. That could be a question which inspires you, your team,



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your organization or you want to inspire the whole world. Let's start that question with 2 words, what if. You have 30 seconds to do so. 10 more seconds. Fantastic.

Thanks to the people who joined actually to create that vision, asking the right questions, because what we see is only the best leaders are actually asking that question. Leaders who can look into the future, challenging the status quo, asking questions with what if are the leaders we see today who are also attracting the best talent.

When I look at my kids, they are asking about 140 questions per day. We as adults, only the courageous amongst us, they ask about 4. So thanks to those people who actually took that piece of paper to ask questions because asking questions can actually look into the biggest opportunities of the future. But if we keep those questions to ourselves, we hide those or basically put them into our bags, I promise you, nothing will happen. You will not change the world. But if you are open with those questions, share those questions with each other, I can guarantee you're going to inspire others and attract the best talent as well.

So one of my favorite events at Google happens every week. It's called TGIF where we invite everyone in the company, especially our new employees called Noogler, to join in an all-hands meeting. And TGIF stands for Thank Google It's Friday. And we give everyone, starting from the intern to the Senior Vice President who are starting that week, a hat like that. And they can take the microphone and ask questions because we take 1.5 hours every week where our 2 founders and our CEO and the leadership team are present every week to ask questions challenging the status quo, sometimes writing them down on a piece of paper or submitting them on a platform. Because that questioning helps us to not just create a culture of openness but also a culture of trust. Because if you know what people left and right and behind you and in front of you are asking themselves, what are some of their wildest visions, some of their questions, that actually creates trust. And that's exactly what we want to do today here. So if you want to take your piece of paper with your question and just hand it over to a person sitting left or right or maybe behind you or in front of you, so just take that piece of paper and hand it over to somebody else. Fantastic. Thanks to those who actually participate.

Again, you're going to be profitable -- you're going to be -- going to have a profit from what you are actually going to create. So if you received that piece of paper from somebody with a new idea or a vision of the future, some of you immediately might think, "Yes, that's an interesting vision, but that's their vision. It's not part of our strategy. It's too expensive to build. We wouldn't have customers who actually pay for it. It's illegal," all of those reasons why this idea or this vision might not work.

But what we need to do in our response when we see that, that negativity bias I talked about is kicking in again, we need to basically just change one word in our response from a "yes, but" to a "yes, and" to accept that idea and actually make it bigger, better and faster, adding something to it because that helps you to not just accept that idea from somebody else but actually accelerate it. You let it grow.

So we're going to take another 30 seconds for you to take that piece of paper and add something to it, making that vision bigger, better and faster just for 30 seconds starting with "yes, and", and go.

And for the fast ones amongst you, you just can hand that piece of paper to a third person so they you can add something else, too. So what we enable here is a culture of optimism where we look at future questions we should ask ourselves, being open and optimistic about those by adding a "yes, and." And so some of you might think, "What's next?" For me as a leader, hearing all of those ideas every day, and you might sit in your office and somebody knocks at your door with maybe a question they want to ask in the best case or they have a new idea they want to show to you, and you invite that person to sit down with you just for a couple of minutes. And most of us immediately start with our negativity bias trying to shut that idea down. We've done it in the past, didn't work. It's too expensive, not part of our strategy. Who should build it? We don't have the technology. So 5, 6 excuses, which we already can present to that person who just shared that idea with you.

And what happens then is that person leaves your room and they will spread the news that in your office, new ideas are going to die. You just need to change one response from a "yes, but" to a "yes, and" to actually allow ideas to grow just for a couple of minutes. Because then also, the news are spreading that in your office, ideas can actually grow.

And I'm not saying that we walk around at Google saying yes to everything, working on it. But I want to create an awareness with our leaders and ourselves around what signals do we send in our organization every day. Are new ideas welcomed or do we want to shut down those ideas



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immediately? And that's a choice you all can make every day because what happens is that, that person leaving that room probably also is looking for permission to start something. They want to experiment. They want to try something out ideally as fast as possible and as cheap as possible to start learning.

With a small prototype and experiment, you might call it a pilot, you want to start learning and see what works and what doesn't work. Because in the best case scenario, that person comes back to your office in about 30 days and they learned what didn't work or what worked, and you can hear from the knock on your door what the response actually is.

But you as a leader should have the only response to whatever that person is coming back to you and that's fantastic. What did you learn? Because we want to enable a culture where people start learning by trying things out and experimenting. But how do we actually enable that experimentation in a team? We looked at that question for the last 2 years at Google where we tried to understand what's the difference between an innovative organization, an innovative team and a not so innovative organization and not so innovative team. And we looked at factors like leaders, top performers in a team and others. And after 2 years and 280 teams which we interviewed, we found that it's only one factor which makes a difference, and that's called psychological safety.

People need to feel safe enough to actually take a risk, do something different and not feel that the next day they're coming back, their job, their bonus, their reputation and their salary is actually at risk. They need to feel safe in that environment to also speak up. So building inclusive teams with a high rate of psychological safety leads actually to better outcomes in that team, too.

I want to leave you with 2 more things I want to share with you. One is inspired by nature. And I was with students from Chile in Stanford on the so-called entrepreneurship in Patagonia. I happened to see some penguins on an ice shelf, too. And what's interesting, if you look at penguins, that there's always one penguin who jumps first into the water, not knowing if they're going to find food or if they're going to be eaten.

That penguin, the courageous penguin, is also usually in organizations, but they never get recognized. But you should because those penguins, the courageous penguins amongst you, they actually help that the rest of the penguins will survive, too because if none of the penguins actually jumps, everybody will die. So having a courageous penguin award where you actually recognize the people not for a success but for taking a risk might actually help you that more people probably jump into the cold water to maybe find food in the future.

For me, one of the most important mind-set of the future is around empathy. Trying to put yourself into the shoes of your customer, the people you want to build technology and services for, your partners, even your team members help you to understand what specific needs they have to actually build more effective solutions. When I worked with our accessibility team at Google, we were inspired by blind and deaf people and how they actually use technology to eventually build voice activation and assistant technology to help specifically those people first. But now we are seeing that actually everyone is able to use that technology every day.

One last thing. We're all born with an explorer mind-set. We were all crawling around on the floor, grabbing things without knowing what they taste like or what they look like or what they actually do. As we grow up, we somehow lose that explorer mind-set. We don't want to try new things. But we need to reclaim that explorer mind-set back because that helps us to actually not just shape a better vision for the future, being optimistic about that future and being open about that future, starting experimenting towards that future with an empathy mind-set. It helps us actually to actively shape the future we want to see happening moving forward.

And as some of you now have a piece of paper in your hand which was developed with somebody else, so that future was shaped by 2 or more people, I guarantee that this future is actually a better future probably as the first one we tried to create just by ourselves. So try to keep those future-ready mind-sets or actively develop those because that's going to help all of us to create a better future for everyone. See you in the future. Thank you very much.



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Kevin Brown - Wirecard AG - VP of Marketing & Product - North America

Frederik, thank you very much. Going from "yes, but" to "yes, and". I think he left myself and a lot of us all with much to think about. So turning the agenda back to Wirecard and focus for a little bit, I'd now like to welcome up to the stage Alexander von Knoop, our CFO of the business, to discuss our financials. Alexander, please.

Alexander von Knoop - Wirecard AG - CFO & Member of Management Board

Yes. So thank you, Frederik, for a very inspiring speech, even for a finance guy. A very warm welcome also from my side. It's good to see you all. I think maybe it's a perfect handover to talk about visions because of course, I know that you all know Wirecard's financial figures very well and you all already entered them in your valuation models. So I would like to use this presentation slot to more focus on the Vision 2025 of Wirecard and our expectations about how we expect the market will develop and of course, Wirecard will develop in the next 6 years.

So you all know that our Vision 2025 consists of 4 parts. Just starting with the first one, our transaction volume and how we expect that to develop in the future. We identified at least 2 major growth drivers for the next years. The first growth driver, of course, is the growth of the e-commerce market itself with an annual growth rate of between 14% and 16% annually in the relevant markets for Wirecard because in our business model, the growth of our merchants is Wirecard's basis growth. And I have told that many times, but I think it's worth to repeat it once again.

As of today, 80% of all payment transactions worldwide are done with cash. From the remaining 20%, only 10% are done fully digital. So the part in between are electronic transactions with one additional device, for example, credit card or debit card. So we are talking about only 2% of all payment transactions worldwide being fully digital. And being a company specialized and focused on electronic and fully digitalized payments, I think that shows the great growth opportunity for Wirecard in the future.

Second growth driver in regards of transaction of volume is what we call unified commerce. So that's the convergence of different sales channels on the merchant side and the respective payment solutions on the Wirecard side. So starting with point-of-sale payment solutions to e-commerce and website payment solutions up to app shop in payments, fully digitalized. Of course, on Wirecard side, the ability to have the full spectrum of payment solutions on board and to offer them whenever the merchants need it.

These growth drivers are reflected in another key figure of Wirecard, which is our number of new signings, which we disclose twice a year as you might know. The number of new signings as of end of June 2019 was a number of EUR 34.6 billion. So of course, a very impressive number. On the one hand, an achievement of our great sales force out there worldwide.

On the other hand, a result of cooperations we already signed, and we will sign in the future, of course, additional ones like the one with France-based Crédit Agricole or Japanese Mizuho Bank where big banks are searching for innovative, state-of-the-art payment solutions to offer them to their clients. And of course, on the other hand, from Wirecard perspective, to open their merchant base and to give Wirecard the chance to sell our innovative products and to cross-sell additional products in the future.

So the link between our transaction volume and the revenues, of course, is our take rate. As you know, our take rate, our current take rate is about 1.6%. That's our gross take rate. And we were able and we were very successful in keeping the take rate stable over the past quarters, and that's mainly because of 3 reasons.

The first one is the high diversification of our merchant base from smaller merchants to the very big ones through all industries. The second one is a focus on the Asian markets because take rates in Asia are higher than in more developed countries or regions like Europe or the U.S. And the third one is the ability of Wirecard to sell value-added services starting from risk management solutions to avoid fraudulent and chargeback transactions on the merchant side to loyalty and couponing programs for issuing and acquiring customers.

And of course, our new -- well, it's not that new, lending products which we introduced during the past years. And let me maybe take a sidestep to more explain our lending portfolio because I think it's worth to spend some sentences on that and to make very clear what the differences between the products are to better understand what the value add for our customers are.



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So we are dividing our loan products in our fintech loans and digital credits, which is on the fintech side, is the offering of cash from Wirecard to fintech lending platforms to offer loans to their end customers. One very famous example is London-based Funding Circle, which is a partner of Wirecard.

Digital credits is access to liquidity and working capital for merchants. And totally separated from that is our product, Merchant Cash Advance, which is the early payout to merchants and which is again divided in 2 parts. The one part are payments where the transaction is already processed and the money just sits at either the credit card schemes or the acquiring bank just waiting to pay -- to be paid out to the merchant. And the second subproduct of Merchant Cash Advance is a kind of subscription model where the transaction is not yet processed but will be processed on the basis of a valid and already signed contract in the future.

So from outstanding volumes, the first two, the fintech loan and the digital credits together had an outstanding volume as per end of June 2019 of EUR 335 million and an EBITDA contribution in the first 6 months of 2019 of EUR 12 million. The Merchant Cash Advance had an outstanding volume of EUR 370 million with an EBITDA contribution of EUR 23.5 million. All we're saying that the Merchant Cash Advance Wirecard is offering today is almost the total volume is my example, number one, so transaction already processed and the money just sitting at the credit card schemes or the acquiring bank to be paid out in the future.

Coming back to the numbers. Of course, the link between revenues and EBITDA is our EBITDA margin. As you know, we had -- in the past quarters, we had some pressure on our EBITDA margin because of additional onetime costs regarding additional audits, legal costs and consulting costs of about EUR 50 million in the past year. So if you calculate that -- and we expect, of course, these additional onetime costs not to reoccur again, we expect our EBITDA margin to rebound sharply in the future.

Coming into the debt side of our balance sheet. As you of course, know, in the first week of September, we issued our first public benchmark bond to diversify and to optimize our financing structure. Historically, you might know that we have been financed through a EUR 1.75 billion revolving credit facility, which, of course, for a company like Wirecard, is not state-of-the-art anymore.

So based on our investment-grade rating by Moody's, we had a very successful road show. And also we finally achieved a yield of 0.631% and a coupon of 0.5%. We already used these funds to repay the drawdown of our revolving credit facility by an amount of EUR 530 million. So we added some millions of our operative cash, and we paid down the total amount possible due on September 19.

Let me maybe just add one comment to a statement in our bond prospectus about the audits of card systems, Middle East and Dubai, because we have been asked frequently if these numbers have been audited. And the clear answer is yes, of course, they have been audited as there was no legal requirement to have a single local audit in Dubai. It was audited in a -- and that's the exact term, in a full scope audit by our group auditors of EY. These kind of full scope audits always include, of course, a comprehensive audit of all financials of a subsidiary, on-site visits and a very close and comprehensive audit.

The second step to -- the second important step in the financing of Wirecard in the past weeks but not only on the financing side but maybe much more on the strategic side was our private placement of the EUR 900 million convertible to our partners of Softbank. Besides these strategic aspects, for example, access to Softbank's investment portfolio, companies support in entering new markets in Japan and South Korea. And of course, the joint development of new products based on artificial intelligence and data analytics. We, of course, received another EUR 900 million.

So what do we intend to do with that money? First, we already used more than 1/3, in exact numbers, EUR 340 million, to further repay the drawdown of our RCF. Second, we will invest a remarkable part of that into new products and further growth of Wirecard in the future. And thirdly, we are in the final stage of our considerations regarding a share buyback. So I'm very optimistic that we will see a result in the next week on that.

Last but not least, a short update on compliance. We have talked about that very intensive in the past month. We have shown what actions we have taken to improve our second line of defense within Wirecard group, adjusting our compliance structures, introducing new reporting lines, especially between our international subsidiaries and our headquarters in Germany and of course, hiring experts and increasing the headcount of our second line of defense departments. We are very well on track with that. And of course -- and that's, of course, always important. Potential additional costs of between EUR 2 million and EUR 2.5 million per year are already considered in our Vision 2025.



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So having said all that, with a very strong and bright outlook to not only the Vision 2025 but also the year 2019 and 2020, I'm -- it's my great pleasure to hand over the stage to our CEO, Markus Braun, for more maybe strategic points. Thank you very much.

Markus Braun - Wirecard AG - CEO, CTO & Chairman of Management Board

Hello, ladies and gentlemen. It's a great pleasure for me to be here. You know I'm, let's say, always giving speeches quite freely. And I like also to take the context into account and give also remarks out of the context that I see. And one thing I want to take up, the Google evangelist is absolutely right. When you are in innovations, normally, let's say, you have a vision, you communicate it. And normally, it takes up to 3 to 5 years until it is really considered. I think that's a normal process.

So we started, for example, to talk about omnichannel unified commerce about 5, 6, 7 years ago. Today it's really coming. We started with our first mobile payment transaction on the consumer side. In 2009, we were the first one who issued and complete virtual -- I think it was a MasterCard. Today, it is coming. So I think one thing in technology on the -- what makes a technology company strong is first to stay humble and to always go for the next thing. I always say everything we make money on today will not make money in 10 years. I think that's a good paradigm or a good metaphor to accept.

And when I look into Wirecard and into our earnings engine today, when I look back 10 years ago, 10 years ago, we have been a PSP. You know how much portion I would estimate we still do with the PSP service from our EUR 2 billion that we did last year? It's perhaps 7% to 10%. So 90% in 2018 was generated by services that we came up with in the last 10 years. And I will show you today how we think that in the next 10 years, we can keep this innovation cycle.

It's also something I always say to traditional companies, do not build a fence around your cash cow and then be a little bit innovative in parallel. You must really accept this metaphor of a complete transformation in the next 7 to 10 years. We know it's not true for every industry. For construction industry, for example, it's not completely true. But for the majority of industries that to some extent are influenced by technology, and nearly every industry today is, it is a true paradigm. And I would say what makes us successful is that we accept that and that we never turn into arrogance and think that we have built up something that will be there for the next 20 years and cannot be disrupted.

The last 10 years in digital were very much about building up global infrastructures. And over these global infrastructures in our area, of course, payment, real-time data is channeled. The next 10 years, to put it very simple, is about artificial intelligence algorithms that do something out of data. It's not only true for us, it's true, in my opinion, for automotive, it's true for retail, it's true for all industries. You must use all touch points, and you must try in real time to understand with a much faster feedback what your consumer wants, what, let's say, the target group you're addressing is really needing.

And also, in our area, one big message I will give out today, payment as an infrastructure probably in 10 years will not be important. It will be a commodity. It's already a commodity today. But what we can do out of the data that we see in payment can probably double, triple perhaps our take rate. How we will do that?

(inaudible) spoke, and we see 3 pillars of growth. One -- and they all are linked together. We see a big trend at large merchants. You know we are traditionally coming from SMEs, and we definitely see now global merchants in all channels take it under the label unified commerce, omnichannel, et cetera, are now going in all sales channels for digital payments. The second pillar is exactly what I will very much emphasize on, machine learning or artificial intelligence-driven services that generate value out of the data. And the third is strengthening our global footprint.

Let me start with the first one, and I always like to bring also real numbers. And these are the numbers that, to some extent, also constituting our Vision 2025. This slide show will be -- is now in parallel, of course, also online. So you'll find it in the Internet. In 2018, we had EUR 33.5 billion of volume with merchants over EUR 1 billion. So merchants that did over EUR 1 billion of volume via Wirecard platform accounted for EUR 33.5 billion. I will not run through all of these numbers. But let me say behind this EUR 33.5 billion were, in total, 16 merchants in 2018. So in all the years before, in aggregate, we were able to sign 16 merchants that did over EUR 1 billion in 2018. In 2019 until end of 2019, we will have signed in 1 year the same amount of merchants that we signed in all the other years before. So in 1 year, now in 2019, we signed the same amount of merchants that will do over EUR 1 billion, many of them multiple billion of volumes that we signed in all the years before. From Mizuho Bank to ALDI to OYO hotels



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to -- these are all sales force, these are all potentially -- Union Pay, these are all deals that bring us potentially multibillions of volumes. So we think in 2025, SME will account for about 2/3 of our volume, and large merchants will account for a little bit over 1/3. Why are we able to do that? Because we are global.

And secondly, in all these big deals, we are not only providing B2B. But in all of these relationships, we are also discussing the 2C component. Also, the deal with Union Pay is not about just accepting -- or providing to merchants the ability to accept Union Pay cards, but we will also start to issue Union Pay cards to consumers that, for example, want to travel to China. So basically, in all deals, in all big deals we are today discussing B2B2C. And I think, going forward, when I come in 2 seconds to this algorithmically data-driven story, the 2C element is one of the most important ones. You see a lot of announcements, multi-currency travel cards, loyalty couponing cards s will be discussed today also with AT&T. These are all 2C projects. We are coming from B2B, but the 2C component will be one of the most important one in the linkage with the B2B. And let me just, for fun, give you some numbers. We will do this year something about EUR 180 billion. The average ticket size that we see today is somewhere between EUR 30 and EUR 40. To do it simple, take EUR 30. So this would be 6 billion transactions. In average, we see a consumer 6 to 7x. So how many consumers do we see? Nearly 1 billion. We see today on the B2B side from nearly 1 billion consumers payment behaviors, and we see it cross verticals. We have nearly 100 airlines on the platform. We have do-it-yourself stores. We have fashion. We have consumer electronics. We have food discount retail. And on the other side, we have already up to 40 million relationships on the 2C side.

So what is the super-large opportunity? I always say today, if I give presentations, I will not discuss at all about payment. We are in the business to raise the conversion rate of a merchant. That's our core business. A merchant spends a lot of money to bring a consumer to a checkout, might it be a point-of-sale checkout or an online checkout or a mobile checkout, and then he loses, depending on the business model, 40% to 60% of these consumers in the checkout. We know it's not only because of a flawed payment process, it's also because some consumers change their mind, some are only window-shopping, whatever. But we are in the business to raise this number. And everything we do pays into that. And I would say today, when somebody moves, a merchant moves to Wirecard platform, he can already increase his conversion rate no matter where he comes from by 5% to 10%, and that's 5% to 10% additional sales. And also a loyalty couponing card in the future, a real-time consumer financing is just an instrument to raise this conversion rate.

So we have 2 big opportunities in the next years until 2025. One is to take this logic, this real-time logic that we have today and apply it across merchant silos. And this is what is depicted here as we have the cross view, we can start to generate probabilities. When you book a flight to Paris, how high is the probability that you could need there an OYO hotel? How high is the probability that you are taking there a ride-sharing service? How high is the probability that you go there to buy a top and buy at a certain high-end brand, let's take CHANEL handbag.

How is marketing still working today? It's still a push marketing. So merchants define their target groups. They do it today very much also of course taking social media into account. It's much more granular than TV advertising, where you only knew that from a certain age group, 3% are sitting before a TV set. So today, over social media, you have much more data that you can take into account, but it's still static and push. You're defining a target group, and then you are pushing out your marketing message. What can we do? What can be the big revolution? We can define a real-time trigger. We see what is happening before a consumer takes the service of a merchant or the product and what is happening after. And generating these probabilities, which is a hands-on description, what we mean in our industry by machine learning and artificial intelligence because these algorithms will, of course, learn over time. Generating these probabilities can, in our opinion, bring down the customer acquisition costs by up to 15% to 18%. And if you look at all consumer-facing merchants, even technology-driven partners that we have, very often the relation between what they spend on technology or their production of the product versus the customer acquisition is 1:7, 1:8. Uber spends EUR 3.2 billion a year in marketing and customer acquisition? In technology, I don't know. It's EUR 150 million. So customer acquisition, bringing down the customer acquisition costs is, I think, one of the biggest, positive catalyst and leverage points that we can deliver in the next 7 years. And of course, we will start in relation to these performance enhancements also charge our service.

So in the Vision 2025, there's a certain assumption for that included, I will show you all details that we have now included, but it's just an assumption. I think the potential is much, much higher. And again, as we have the 2C component, we can also offer then the merchant a possibility of a loyalty couponing wallet app to access the consumer. This is how it all fits up and how it all integrates.



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The second big opportunity, and this also is completely linked into this core story, raising the conversion rate is that also by presenting at the right time the right financing product, you also can, of course, very much raise the conversion rate. And this must be integrated in one digital stack. It must be completely interoperable, and it must be linked in your real-time experience. And this is what we can achieve.

So breaking this down a little bit now into the numbers that you see in the Vision 2025. We think that, like we had it in the last 10 years, for payment, so if we take today's payment services, we will very much discount the prices. But these 2 additional services, data-driven services in the area of anticipating the next buy and totally integrated financing services, we think we cannot only completely outbalance this effect. In relative, we think that the take rate could be much higher. So what we show here is, for conservative reasons, we have now taken in a certain discount to what we really think can be achieved. So we are today at a take rate of 1.58%. We raise now the Vision 2025 take rate. You know we had before 1.3.9% (sic) [1.39%], and we raise it now to 1.4.8% (sic) [1.48%], more than that. But in reality, we think, we can be much higher than that.

Here, you have the details. We do already today, if you just take payment -- or already the relation between payment and value-added services is 2/3 to 1/3. These are the numbers from 2018. We think that the part for value-added services, including anticipating the next buy services, will go up in the next 10 years to 45%, and the financing part that is today at 3% goes up to 22%. Let me also give you the math. On the financing side, you know we will not do it over our own balance sheet. We will stick to the EUR 750 million. We will not go above that. We have, today, in our financing product a net interest after default of 5% to 6%, 7%. In this calculation, we are calculating just with 2% because we share it. And in this vision, so to say only 10% of the volume already has the financing product included. Also on conservative basis, we just took in 50 basis points, 45 to 50 basis points for value-added services in the area of targeted marketing, anticipating the next buy, et cetera. I think it can be much, much higher, but this is the number that is in there.

Let me also say one sentence: Will we give out -- in these processes, will we give out personalized data? No. It's always about probabilities. It's about the future, so we do not have to give out information that a consumer just bought a Starbucks coffee around the corner. It's about the probability, what will be the next service or product he or she needs. And this is like what we do today, risk management. It's just a different approach, but let me say we have already first big projects out there, and the results are tremendous.

So this is how we come up with the Vision 2025. We have an overproportion on new signing that accelerates. And also, that is in there on conservative level. We have additional now the SoftBank partnership that is also included there on conservative basis. The take rate I read today in some updates that we took down the EBITDA margin, whether in relation to the take rate, that's, of course, from our opinion, not true. So this is just a conservative measurement. We think that we will be above the EUR 3.8 billion. And if you do the math and if you calculate EUR 710 billion versus EUR 3.3 billion EBITDA that we had before in there and now we have EUR 3.8 billion in relation to EUR 810 billion, because the transaction is the important part, we are guiding that we even take a little bit more value out of the transaction. But again, all these numbers are conservative. If you look what our first Vision 2020 was and where we stand today, you saw that we always keep us up, keep a certain additional, let's say, powder. We always keep our powder dry. The free cash conversion will be above 65%.

And with this, I would like to come to an end and would like to give you the ability to grill me. Are there any questions?

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